Ansaldo STS
A Finmeccanica Company

CONSOLIDATED INTERIM FINANCIAL REPORT AT 30 JUNE 2013

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(Translation from the Italian original which remains the definitive version)

1 Company Bodies and Committees

BOARD OF DIRECTORS
(for the 2011 - 2013 three-year period)

LUIGI CALABRIA
Chairman

GIANCARLO GRASSO
Deputy chairman

SERGIO DE LUCA
Chief executive officer

GIOVANNI CAVALLINI [2]

MAURIZIO CEREDA[1 2]

PAOLA GIRDINIO[1]

BRUNO PAVESI[2]

TATIANA RIZZANTE

ATTILIO SALVETTI[1]

GRAZIA GUAZZI
Board secretary

BOARD OF STATUTORY AUDITORS
(for the 2011 - 2013 three-year period)

GIACINTO SARUBBI
Chairman

RENATO RIGHETTI

MASSIMO SCOTTON

SUBSTITUTE STATUTORY AUDITORS
(for the 2011 - 2013 three-year period)

BRUNO BORGIA

PIETRO CERASOLI

INDEPENDENT AUDITORS
(for the 2012 - 2020 period)

KPMG S.p.A.

1. Member of the risk and control committee.

2. Member of the appointments and remuneration committee.

Ansaldo STS
A Finmeccanica Company

Directors' report at 30 June 2013

2 Directors' report at 30 June 2013

2.1 Introduction

Ansaldo STS group recognised a profit of €32,367 thousand for the six months ended 30 June 2013, compared to €29,668 thousand for the corresponding period of the previous year. Revenue came to €583,398 thousand, compared to €568,486 thousand and the ROS was 9.0%, compared to 8.9% in the corresponding period of the previous year.
New orders totalled €389,869 thousand, compared to €796,127 thousand for the six months ended 30 June 2012, and the order backlog came to €5,431,284 thousand (€5,689,024 thousand at 30 June 2012 and €5,683,253 thousand at 31 December 2012).

The official share price in the **31 December 2012 to 28 June 2013** period went up 5.4%, from €7.05 (€6.27 updated after the fourth instalment of the share capital increase was issued on 15 July 2013) to €7.44, (€6.61 updated).
The share's period high of €8.30 (€7.38 updated) was recorded on 15 May 2013 and its low of €6.68 (€5.93 updated) on 13 March 2013.
An average 1,215,742 shares were traded daily in the period, compared to 751,680 shares traded in the corresponding period of the previous year.
The FTSE Italia All-Share fell 5.4%, while the FTSE Italia STAR rose 14.0%, again with a focus on the small & mid caps segments.

During the period, following the signing of a preliminary sales agreement, the investment in Ecosen CA (Venezuela), a subsidiary of Ansaldo STS France S.A.S., was reclassified to non-current assets held for sale for €92 thousand.

2.2 Key performance indicators - Ansaldo STS group

(€'000)	**First half of 2013**	First half of 2012	Change	2012
New orders	**389,869**	796,127	(406,258)	1,492,346
Order backlog	**5,431,284**	5,689,024	(257,740)	5,683,253
Revenue	**583,398**	568,486	14,912	1,247,849
Operating profit (EBIT)	**52,591**	50,584	2,007	117,073
Adjusted EBIT	**52,992**	53,503	(511)	123,526
Profit for the period/year	**32,367**	29,668	2,699	75,696
Net working capital	**18,230**	(1,305)	19,535	(48,147)
Net invested capital	**232,236**	217,807	14,429	167,184
Net financial position	**(241,719)**	(213,317)	(28,402)	(301,982)
Free operating cash flow	**(24,752)**	(54,740)	29,988	37,569
ROS	**9.0%**	8.9%	+0.1 p.p.	9.4%
ROE	**17.3%**	17.5%	-0.2 p.p.	17.0%
EVA	**24,732**	22,730	2,002	62,514
Research and development	**14,387**	16,199	(1,812)	32,260
Headcount (no.)	**4,109**	4,028	81	3,991

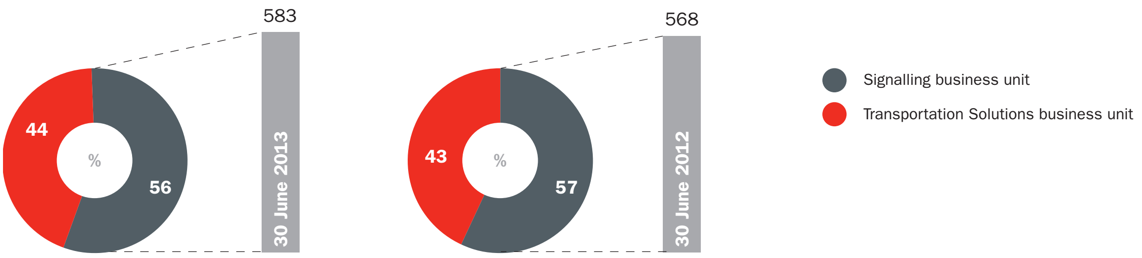
Revenue came to €583,398 thousand, up €14,912 thousand over the corresponding period of the previous year (€568,486 thousand).

The Signalling business unit recognised revenue of €343,149 thousand in the period, with a modest increase of €8,975 thousand over the corresponding period of the previous year (€334,174 thousand).

The Transportation Solutions business unit recognised revenue of €255,759 thousand in the first half of 2013, up €13,319 thousand over the corresponding period of 2012 (€242,440 thousand). The increase is largely due to further progress on the Copenhagen Cityringen project and the master agreement with Rio Tinto in Australia.

Compared to the corresponding period of 2012, eliminations between the two business units were up €7,382 thousand (see paragraph 9).

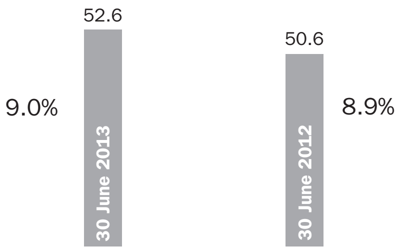
Revenue for the periods ended 30 June 2013 - 2012 (€m) and the contribution of the business units



Operating profit (EBIT) for the period ended 30 June 2013 came to €52,591 thousand, with a €2,007 thousand increase (in absolute amount) over the corresponding period of the previous year (€50,584 thousand). ROS was 9.0% compared to 8.9% in the first half of 2012. Specifically:

- the Signalling business unit recognised an operating profit of €29,866 thousand in the first half of 2013 (€34,798 thousand in the corresponding period of 2012). The €4,932 thousand decrease is due to the different mix and profitability of projects in the reporting period and the corresponding period of the previous year;
- the Transportation Solutions business unit recognised an operating profit of €26,217 thousand, up a slightly €1,131 thousand on the corresponding period of the previous year (€25,086 thousand), due to greater volumes and the different mix and profitability of the contracts in the reporting period and the corresponding period of the previous year.

EBIT and ROS for the periods ended 30 June 2013 - 2012 (€m)



The reclassified income statement, reclassified statement of financial position, reclassified net financial position and reclassified statement of cash flows follow to provide further disclosure on the group's financial position, results of operations and cash flows.

	For the first six months of	
Reclassified income statement (€'000)	**2013**	2012
Revenue	**583,398**	**568,486**
Purchases and personnel expense (*)	(527,852)	(519,128)
Amortisation, depreciation and impairment losses	(7,878)	(11,226)
Other net operating income (**)	3,411	10,984
Change in work-in-progress, semi-finished products and finished goods	1,913	4,387
Adjusted EBIT	**52,992**	**53,503**
Restructuring costs	(401)	(2,919)
Operating profit (EBIT)	**52,591**	**50,584**
Net financial expense	(3,141)	(2,485)
Income taxes	(17,175)	(18,431)
Profit for the period before non-current assets held for sale	**32,275**	**29,668**
Non-current assets held for sale	92	-
Profit for the year/period	**32,367**	**29,668**
attributable to the owners of the parent	*32,359*	*29,792*
attributable to non-controlling interests	*8*	*(124)*
Earnings per share		
Basic and diluted	0.20	0.19^

^ Recalculated following the bonus issue of 9 July 2012.

Notes to the reconciliation between the reclassified income statement and the income statement included in the consolidated financial statements:
(*) Includes the captions "Purchases", "Services", "Personnel expense" (net of restructuring costs) and "Accrual to (use of) the provision for expected losses to complete contracts, net of "Internal work capitalised".
(**) Includes the net amount of "Other operating income" and "Other operating expense" (net of restructuring cost, impairment losses and accruals to (use of) the provision for expected losses to complete contracts).

Adjusted EBIT (€52,992 thousand) is slightly down (€511 thousand) on the same period of the previous year. The decrease in restructuring costs and taxes, together with an overall increase in financial expense, generated a difference in the profit for the reporting period and the corresponding period of the previous year, which is up by €2,699 thousand.

Statement of financial position (€'000)	**30.06.2013**	31.12.2012
Non-current assets	263,255	264,996
Non-current liabilities	(49,249)	(49,665)
	214,006	**215,331**
Inventories	136,360	131,584
Contract work in progress	413,637	313,096
Trade receivables	586,392	748,747
Trade payables	(427,925)	(500,563)
Progress payments and advances from customers	(662,989)	(710,720)
Working capital	**45,475**	**(17,856)**
Provisions for risks and charges	(14,660)	(15,842)
Other liabilities, net (*)	(12,585)	(14,449)
Net working capital	**18,230**	**(48,147)**
Net invested capital	**232,236**	**167,184**
Equity attributable to the owners of the parent	473,470	468,739
Equity attributable to non-controlling interests	577	427
Equity	**474,047**	**469,166**
Non-current assets held for sale	92	-
Net financial position	**(241,719)**	**(301,982)**

Notes to the reconciliation between the reclassified statement of financial position and the statement of financial position included in the consolidated financial statements:
(*) Includes "Tax assets", "Other current assets" and "Derivatives assets", net of "Tax liabilities", "Other current liabilities" and "Derivatives liabilities".

At 30 June 2013, **net invested capital** totalled €232,236 thousand, compared to €167,184 thousand at 31 December 2012. The €65,052 thousand increase is mainly due to the improvement in **net working capital** from -€48,147 thousand at 31 December 2012 to €18,230 thousand at 30 June 2013. Specifically, the increase in inventories and work in progress and the decrease in trade payables and progress payments and advances from customers was only partly offset by the decrease in trade receivables.
The group's **net financial position** (greater loans and receivables and cash and cash equivalents than loans and borrowings) at 30 June 2013 was €241,719 thousand, compared to €301,982 thousand at 31 December 2012, down €60,263 thousand, after the €28,800 thousand dividend payment approved by the shareholders in their meeting of 6 May 2013 and the repayment of loans and borrowings by the subsidiaries of the Asia/Pacific area, specifically, the Indian subsidiary.
It includes the €70,643 thousand advance received from the Russian customer, Zarubezhstroytechnology, for the project signed in August 2010 and halted on 21 February 2011, for the development of signalling, automation, telecommunication, power distribution, security and ticketing systems on the Sirth to Benghazi section in Libya. Loan assets also include the euro equivalent amount of the Libyan dinars received as an advance on the first of the two contracts acquired in Libya and deposited in a local bank, of €28,443 thousand.

2.3 Net financial position

(€'000)	**30.06.2013**	31.12.2012
Current loans and borrowings	1,195	18,188
Cash and cash equivalents	(118,594)	(146,837)
BANK LOANS AND BORROWINGS	**(117,399)**	**(128,649)**
Related party loan assets	(75,836)	(120,533)
Other loan assets	(48,484)	(52,987)
Financial assets at fair value through profit or loss	-	-
LOAN ASSETS	**(124,320)**	**(173,520)**
Other current loans and borrowings	-	187
OTHER LOANS AND BORROWINGS	**-**	**187**
NET FINANCIAL POSITION	**(241,719)**	**(301,982)**

The reclassified statement of cash flows for the period ended 30 June 2013 follows:

Statement of cash flows (€'000)	**For the first six months of 2013**		**For the first six months of 2012**	
Opening cash and cash equivalents	**146,837**		**160,928**	
Gross cash flows from operating activities	62,617		57,668	
Changes in other operating assets and liabilities	(15,844)		(25,729)	
Funds from operations		**46,773**		**31,939**
Change in working capital	(66,445)		(83,139)	
Cash flows used in operating activities	**(19,672)**		**(51,200)**	
Cash flows used in ordinary investing activities	(5,080)		(3,540)	
Free operating cash flow		**(24,752)**		**(54,740)**
Strategic transactions	(631)		(216)	
Other changes in investing activities	(70)		-	
Cash flows used in investing activities	**(5,781)**		**(3,756)**	
Sale/use of treasury shares	-		2	
Dividends paid	(28,800)		(28,000)	
Cash flows from other financing activities	28,774		39,453	
Cash flows from/(used in) financing activities	**(26)**		**11,455**	
Exchange rate gains and losses, net	**(2,764)**		**1,267**	
Closing cash and cash equivalents	**118,594**		**118,694**	

Cash and cash equivalents at 30 June 2013 amounted to €118,594 thousand, substantially in line with the same period of previous year.

Specifically:
- cash flows used in operating activities of €19,672 thousand reflect the change in working capital and other operating assets and liabilities;
- cash flows used in investing activities of €5,781 thousand are up over the corresponding period of the previous year when they were impacted by the sale of the assets pertaining to the subsidiary Ansaldo STS USA INC.;
- cash flows used in financing activities amount to €26 thousand. In the first half of 2012, cash flows generated by financing activities of €11,455 thousand ware impacted by the collection of the dividend paid by International Metro Service S.r.l. (€3,592 thousand) and the change in current financial assets at fair value through profit or loss of €5,620 thousand;
- dividends paid in May 2013 totalled €28,800 thousand, compared to €28,000 thousand in the first half of 2012.

The free operating cash flow (FOCF) used before strategic transactions totalled €24,752 thousand, compared to €54,740 thousand for the six months ended 30 June 2012; this is largely due to the change in working capital.

2.4 Non-IFRS alternative performance indicators

Ansaldo STS's management also assesses the performance of the group and the business units using certain indicators that are not defined by the IFRS.
The components of each indicator are described below as required by CESR/05 - 178b Communication:
- ***EBIT:*** earnings before interest and taxes, before any adjustment. EBIT excludes gains or losses on unconsolidated equity investments and securities, as well as any gains or losses on sales of consolidated equity investments, which are classified under *"financial income and expense"* or *"share of profits (losses) of equity-accounted investees"* if related to equity-accounted investments.
- ***Adjusted EBIT (Adj):*** is the EBIT as described above, net of:
  - any impairment of goodwill;
  - amortisation of the portion of purchase price allocated to intangible assets acquired as part of business combinations, pursuant to IFRS 3;
  - restructuring costs in relation to defined and significant plans;
  - other income or expense not of an ordinary nature, i.e., related to particularly significant events unrelated to ordinary activities.

A reconciliation of EBIT and Adjusted EBIT for the reporting period and corresponding period of the previous year is set out below:

	For the first six months of	
(€'000)	**2013**	2012
EBIT	52,591	50,584
Restructuring costs	401	2,919
Adjusted *EBIT*	**52,992**	**53,503**

Adjusted EBIT is slightly down (€511 thousand) on the same period of the previous year.

- ***Free operating cash flow (FOCF):*** this indicator is the sum of cash flows generated by (used in) operating activities and cash flows generated by (used in) investing and disinvesting in property, plant and equipment, intangible assets and equity investments, net of cash flows from acquisitions and sales of equity investments which are deemed "strategic" due to their nature or importance. The reclassified statement of cash flows set out in paragraph 2.3 shows how FOCF is arrived at for the current reporting period and corresponding period of the previous year.
- ***Funds from operations (FFO):*** this indicator is the cash flows generated by (used in) operating activities, net of changes in working capital. The reclassified statement of cash flows set out in paragraph 2.3 shows how FFO is arrived at for the current reporting period and the corresponding period of the previous year.
- ***Economic value added (EVA):*** the difference between EBIT net of income taxes and the cost of the average invested capital of the current reporting period and the corresponding period of the previous year measured on the basis of the weighted average cost of capital (WACC).
- ***Working capital:*** comprises trade receivables and payables, work in progress and progress payments and advances from customers.
- ***Operating working capital:*** comprises trade receivables and payables, inventories, work in progress, progress payments and advances from customers and provisions for risks and charges.
- ***Net working capital:*** working capital less provisions for current risks and other current assets and liabilities.
- ***Net invested capital:*** the sum of non-current assets, non-current liabilities and net working capital.
- ***Net financial (position) or debt:*** the calculation method used complies with paragraph 127 of the CESR/05-054b recommendations implementing Regulation (EC) no. 809/2004.
- ***New orders:*** the sum of the contracts agreed with customers during the reporting period that meet the contractual requirements to be recorded in the orders book.
- ***Order backlog:*** the difference between new orders and revenue for the period (including the change in contract work in progress). This difference is added to the backlog for the previous year.
- ***Headcount:*** the number of employees recorded in the relevant register on the reporting date.
- ***Return on Sales (ROS):*** the ratio of EBIT to revenue.
- ***Return on Equity (ROE):*** the ratio of the profit or loss for the twelve months to the average amount of equity at the reporting date and the corresponding period reporting date.
- ***Research and development expense:*** total expense incurred for research and development, both expensed and sold. Research expense taken to profit or loss usually relates to "general technology", i.e., aimed at gaining scientific knowledge and/or techniques applicable to various new products and/or services. Sold research expense represents that commissioned by customers and for which there is a specific sales order and it is treated exactly like an ordinary order (sales contract, profitability, invoicing, advances, etc.) in accounting and management terms.

2.5 Related party transactions

Transactions with related parties relate to ordinary operations. They take place on an arm's length basis (unless governed by specific contractual terms), as does the settlement of interest-bearing receivables and payables.
They mainly comprise the exchange of goods, the provision of services and the obtaining/granting of financing from and to the parent, associates, joint ventures, consortia and unconsolidated subsidiaries.
Moreover, the amended disclosure requirements of IAS 24 (revised) with reference to related parties entail the restatement of comparative figures shown in the financial statements to consider as related parties those entities under the control or significant influence of the Ministry of Economy and Finance ("MEF").
The effects (including as a percentage of the relevant total balances) of related party transactions are shown in the condensed interim consolidated financial statements as at and for the six months ended 30 June 2013.
During the reporting period, no atypical and/or unusual transactions took place[1].

1. as defined by CONSOB communication no. DEM/6064293 of 28 July 2006.

2.6 Performance

2.6.1 The market and commercial situation

Signalling business unit

New orders for the six months ended 30 June 2013 approximated €282 million (€454 million for the six months ended 30 June 2012). Key events of the reporting period are described below.

ITALY

New orders totalled €40 million and mainly relate to the maintenance and upgrade (over €20 million) of ATCS (Automatic Train Control System) lines (€11 million) and SCC (wayside systems) and ACC (central automated systems) plants (€7 million).
Sales activities include those related to the upgrade of the railway traffic signalling and control system for the Rome junction, as well as those related to the completion of important order variations to upgrade the Turin-Padua line.

REST OF EUROPE

Ansaldo STS group won a two-year contract in **Spain** for the maintenance of the railway traffic control, level 1 and 2 ERTMS (European Rail Traffic Management System) signalling and associated systems for the Madrid-Puigverd de Lleida high-speed line (495 kms connecting Madrid and Barcelona with the French border), approximating €27 million.

In **France**, new orders exceeded €41 million, including approximately €30 million relating to the upgrade of high-speed lines including the LGV SEA - Sud Europe Atlantique from Paris to Bordeaux (€13 million) and the LGV East - from Paris to Alsace (€5 million), in addition to the upgrade of new software functionalities “Thalys Evolutions logiciel V8.1” (€6 million). Other significant orders related to the sale of components, services and maintenance of €11 million.

In the **United Kingdom**, new orders exceeded €3 million, half of which relate to components and maintenance activities for existing railway lines.

In **Germany** a significant order was won (€6 million) for the development of new software functionalities for the signalling equipment installed on the Velaro trains.

In **Sweden**, order variations approximated €17 million and related to the ESTER contract (approximately €8 million) and power supply systems and the wi-fi and UPS communication networks (about €7 million) for the Stockholm metro “Red Line”.

In **Turkey** new orders exceeded €17 million and related to the implementation of line variations already underway.

NORTH AMERICA

In the **USA**, new orders approximated €49 million, including €34 million for the sale of components, services and maintenance and roughly €16 million for a range of activities in the metro sector, including over €5 million in Los Angeles and a further €4 million in New York City (PATH - Port Authority Trans Hudson, the metro connecting Manhattan and New Jersey). Other important results were achieved in **Brazil**, with approximately €3 million related to order variations on Lines A and F of the Sao Paolo metro.

NORTH AFRICA AND THE MIDDLE EAST

A contract was won in June worth approximately €40 million for the design, supply, installation and roll-out of the ERTMS signalling systems for the new 130 km-line connecting Oued Tlelat and Tlemcen in North West **Algeria**.
With respect to the main commercial activities, at the beginning of April, Morocco’s Office National des Chemins de Fer (ONCF) awarded the project to design and supply the railway signalling centre, telecommunications and traffic control for the 183 km high-speed line that will connect the cities of Tangiers and Kenitra along the Atlantic coast to the consortium comprising Ansaldo STS France and Cofely Ineo. Ansaldo STS group will supply the telecommunications equipment, next generation interlocking, track circuits, automatic controls and automatic train protection systems based on level 1 and 2 ERTMS, as well as the traffic control centre located in Rabat. The complete system will enable the safe and reliable commercial operation of the new line, at speeds of up to 320 km/h. The total contract is worth €120 million, of which some €58 million pertains to the Ansaldo STS group.

ASIA PACIFIC

In the first half of 2013, a new order won in **Australia** approximated €4 million for the upgrade of a line for mining materials traffic in the Caval Ridge area. New orders in **India** approximated €4 million, related to upgrading activities on several signalling systems of the busy Indian railway network.

Finally, new orders won in **China** totalled €9 million, of which approximately €3 million related to engineering services on the XiBao high-speed line and another €4 million to the Chengdu Line 1 South extension featuring CBTC (Communication based train control) technology. Commercial activities are still underway to acquire other CBTC contracts, specifically those related to lines 1 and 2 of the Dalian metro.

Transportation Solutions business unit

New orders acquired during the period to 30 June 2013 totalled €116 million, compared to €350 million in the corresponding period of the previous year.

Key events of the reporting period are described below.

ITALY

During the period, the variation to the T3 section (Colosseo/S.Giovanni) of line C of the Rome metro was recognised for approximately €41 million.

With respect to line 4 of the Milan metro (S. Cristoforo - Linate), the actual amount of the ancillary agreement approximated €47 million. This agreement, which was signed by the parties in June, marks the launch of activities, pending the completion of the process which will lead to the signing of the concession agreement.
Although they have nearly all suffered delays and been impacted by the financial and economic situation and lack of funding, the outlook in relation to the further long-term expansion programmes to the transportation networks of the main Italian cities is confirmed.

REST OF EUROPE
Various opportunities are expected in **Denmark** as part of complementary projects to the expansion of the Copenhagen metro and new infrastructures in other cities.

NORTH AFRICA AND THE MIDDLE EAST
The offer submitted for the Lusail tramway, featuring the overhead line-free "TramWave" solution is under assessment by the customer; the winner is currently expected to be announced by the end of 2013.
Again in Qatar, after having been short-listed, the tender process was launched for the Doha metro which will be made up of three lines. The winner is expected to be announced by mid 2014.
With respect to the tender for the Riyadh unmanned metro, the customer's final decision is pending.

ASIA PACIFIC
New orders acquired in **Australia** exceeded €26 million, relating to the master agreement with the Rio Tinto mining company.
Australian municipal authorities are increasingly interested in high-efficiency urban transportation systems and opportunities are expected to arise in the metro sector in the coming years.

In **India**, certain metro projects are scheduled for the short- and medium-term and potential partnerships are being evaluated with local contractors.

SOUTH AMERICA
Activities are underway for the design of metros for the main South American cities, as well as several railway projects for which the best competitive strategy is being developed.
In August, Ansaldo STS will submit an offer for lines 3 and 6 of the Santiago metro together with the Korean company, Hyundai Rotem. The winner is currently expected to be announced by December 2013.

2.6.2 Sales information

New orders for the reporting period totalled approximately €389,869 thousand, compared to €796,127 thousand in the corresponding period of the previous year, with a €406,258 thousand decrease.

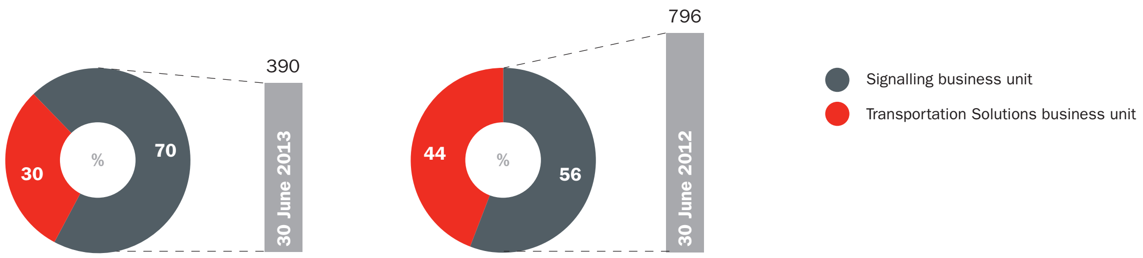
Key orders acquired by the Signalling business unit in the first six months of 2013 were as follows:

Country	Project	Customer	Amount (€m)
Algeria	ERTMS Oued Tlelat - Tlemcem	Condotte	40.0
Spain	Madrid - Llerida HSL Maintenance 2013-2015	ADIF	26.9
Turkey	Ankara metro – order variation	DLH	17.4
France	LGV SEA	Ineo	13.1
Italy	Renewal of the S&M master agreement for ATCS	Trenitalia	9.1
Sweden	ESTER - order variation	Trafikverket	8.2
Sweden	Metro Stockholm – Red Line order variation	S L	7.2
Italy	CTC Campo di Marte	RFI	7.2
Germany	Velaro	Siemens	6.2
France	Thalys V8.1 on-board equipment	SNCF	6.2
USA	Los Angeles CTMA Microlok Replacement	LACTMA	5.3
Italy	Italy High-speed railways: order variation	Various	5.0
France	LGVEE Stage 2	RFF	4.7
USA	New Jersey PATH WTC Signal Recovery Work	New Jersey PATH	4.1
Australia	BMA Coal Loop and Spur Line - Caval Ridge	Thiess Pty Ltd	4.0
China	Chengdu L1 South Extension	Insigma	3.9
Italy	ATCS / CTC – order variation	RFI	3.5
USA	Components, services and maintenance	Various	33.9
Italy	Components, services and maintenance	Various	12.8
France	Components, services and maintenance	Various	10.6

Key orders acquired by the Transportation Solutions business unit in the first six months of 2013 were as follows:

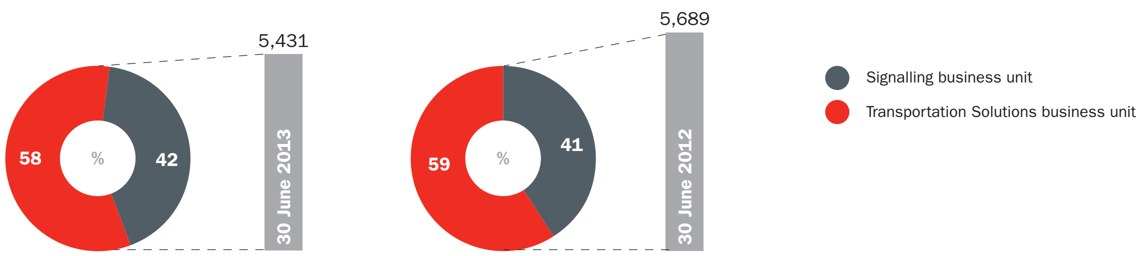
Country	Project	Customer	Amount (€m)
Italy	Milan metro line 4 (ancillary agreement)	Comune di Milano	47.4
Italy	Rome metro line C – Section T3	Roma Metropolitane	41.1
Australia	Rio Tinto – RAFA orders as per master agreement	Rio Tinto	26.3

New orders for the six months ended 30 June 2013 and 2012 (€m) and contribution of the business units



The **order backlog** at 30 June 2013 totalled €5,431,284 thousand, down €257,740 thousand over 30 June 2012 (€5,683,253 thousand at 31 December 2012). €645,048 thousand relates to projects in Libya which are currently halted.
The order backlog of the Signalling business unit amounted to €2,519,391 thousand (€2,300,133 thousand net of transactions with the Transportation Solutions business unit).
The order backlog of the Transportation Solutions business unit amounted to €3,216,917 thousand (€3,131,151 thousand net of transactions with the Signalling business unit).

Order backlog at 30 June 2013 and 2012 (€m) and the contribution of the business units



2.6.3 Signalling - performance by business unit

(€'000)	**First half of 2013**	First half of 2012	Change	2012
New orders	**281,816**	453,867	(172,051)	893,197
Order backlog	**2,519,391**	2,581,823	(62,432)	2,616,684
Revenue	**343,149**	334,174	8,975	725,588
Operating profit	**29,866**	34,798	(4,932)	62,530
ROS	**8.7%**	10.4%	-1.7 p.p.	8.6%
Operating working capital	**119,189**	139,827	(20,638)	103,705
Research and development	**13,923**	15,321	(1,398)	30,566
Headcount (no.)	**3,045**	3,033	12	2,971

(The amounts shown in the table include inter-segment transactions).

Revenue for the reporting period came to €343,149 thousand, compared to €334,174 thousand in the corresponding period of the previous year.

The key production activities are summarised below:

ITALY

RAILWAYS - HIGH SPEED

Production mainly related to the design activities for the new Treviglio-Brescia high-speed section and the continuation of works on the Bologna connector and in the Naples area.

RAILWAYS - ON-BOARD ATCS/ERTMS
In the On-board systems line, production mainly related to the development of ERTMS systems for the new ETR1000 high-speed trains for the Trenitalia fleet and the supply of new rolling stock to AnsaldoBreda S.p.A. and Stadler. Activities for the resumption of works on the Greek railways contract were also commenced, as well as those related to the upgrade of Trenitalia's ETR 500 Frecciarossa fleet.

RAILWAYS - CENTRAL AUTOMATED SYSTEM
In the Station equipment line, activities continued on certain projects, including: Mestre, Rogoredo, Trento–Malé, Rebaudengo (variations to Turin Porta Susa tracks I and II), Palermo Centrale, the Genoa junction (provision of materials) and Brescia (design).
The reconfiguration of the ATCS SST (wayside systems) continued for the Genoa, Florence, Turin, Naples and Verona sections, as well as automation activities comprising both modifications and revamping of existing CTC (Centralised Traffic Control)/SCCs (command and control system) (including the Naples SCC and Bari-Lecce and Bari-Taranto, Taranto-Brindisi, Cremona and Siena CTCs) and activities related to new SCC systems (Palermo).
The project for the technological upgrade of the Turin-Padua section deserves special mention, where production mainly comprised product development, materials procurement and detailed executive design activities.

MASS TRANSIT
Key activities related to the roll-out of line B1 of the Rome metro, as well as station/yard assembly activities and the roll-out of the SCADA signalling and automation systems for line 1 of the Naples metro. Production of the on-board and undercarriage equipment for the traction units continued for line 6 of the Naples metro, as did the roll-out of the Milan metro supervision system for the Comasina-Maciachini extension.

REST OF EUROPE
(This section includes Turkey and the former Soviet republics)

In **France**, activities mainly related to systems (LGV SEA, Bretagne Pays de la Loire BPL and Honam) and on-board equipment (Thalys) for the country's high-speed network, as well as the usual maintenance, assistance and production contracts for individual parts.
In **Sweden**, production mainly related to the Ester and Red Line projects, where checking and validation activities continue along with the first installations.
In the **United Kingdom**, the completion of the Cambrian line project (the first line in Britain to be equipped with the European level 2 ERTMS standard) has been put back to this year due to additional requests of the customer with respect to a new RBC (radio block centre) version for which commissioning has been completed.
Activities in **Germany** were officially halted for the POS (Paris-Ostfrankreich-Südwestdeutchland) project, pending the customer's review of the project inputs. The first deliveries and testing activities were successful in relation to the set-up of the Rostock-Berlin line, however, the customer is expected to suspend the works due to a new redefinition of the technical/contractual requirements.
An extension to the scope of work has been agreed for the on-board project to supply 30 multistandard facilities for 15 Velaro high-speed trains. The first ISA V114 Bi-standard report and maintenance manual have been issued and, during the period, new integration tests were carried out on the ATP (automatic train protection) system for both Velaro and Eurostar.
In Khosta, **Russia**, after providing assistance in assembling Itarus RBC and power supply systems, the communication protocol testing stage was completed (between the RBC and the customer's system) necessary for the roll-out of the ERTMS standard in Russia (trial site).
In **Turkey**, in-depth Interlocking design activities were completed for the Mersin-Toprakkale line and the first Mersin-Tirmil-Taskent multistation was formally delivered, while on-site installations continued in the Southern and Northern sections.
In relation to the Ankara metro, design and on-site installation base contract activities continued as well as the design and materials supply activities for the variation for the implementation of the DTP (discontinuous train protection) system (related to the CBTC sub-system).
The system architecture for the Gebze-Kosekoy project was completed and initial documentation related to basic design has been issued.

NORTH AFRICA AND THE MIDDLE EAST
Works related to the Electrification Banlieue Sud de Tunis project in **Tunisia** are substantially complete and negotiations are underway with the customer for the partial extension of the work schedule so as to avoid the application of penalties.
In **Libya**, activities for the project to develop the signalling, telecommunications, security and power supply systems for the Ras Ajdir–Sirth and Al Hisha–Sabha sections have not recommenced since the upheaval started. In a letter dated 21 February 2011, the customer, a construction company of the Russian railways, Zarubezhstroytechnology (ZST), also halted a project to develop a similar system for the Sirth–Benghazi section. Negotiations are underway with this company to agree an extension to the period of the contract's suspension.
It is presently difficult to say when production for these contracts will resume, given the situation in the country. As previously reported, the asset currently recognised in the financial statements is more than offset by the amount of progress payments.
In the **United Arab Emirates**, initial activities linked to preliminary design, delivery of material and installation of the first suburban sites were completed for the Abu Dhabi project (Shah-Habshan-Ruwais Line). Commissioning activities are set to begin this year.

AMERICA
Production activities focused both on long-term projects and the sale of components. With respect to the former, there was intense activity for the customer, Union Pacific, for the OTP/CADX project. In this respect, FAT tests on the Core Release 1 (CR1) and those related to the first part of the Core Release 2 (CR2) were successfully completed, in addition to ordinary maintenance activities. They also included activities for the customer, Southeastern Pennsylvania Transportation Authority (SEPTA), for the procurement, design, production, construction and installation of a Positive Train Control (PTC) system on 13 lines. Wayside and communication design and configuration, as well as activities with subsuppliers, continued in the period. Works continued in relation to the Central Florida Rail Corridor (CFRC) project for the supply of wayside signalling systems (comprising 12 control points, 269 signals, 70 level crossings and 50 switches), as well as communication systems and the centralised control system.

ASIA PACIFIC
Production in **Australia** focused on the alliances with local mining companies.
With respect to Newcastle, the last installations and commissioning of the period have been completed, while alliance mobilisation is nearing completion. A Caretaker agreement transition plan was approved, clarifying all pending commercial aspects.
Start-up activities continued for the new Roy Hill project. The preliminary engineering activities have been approved by the customer and subsequent processing commenced, which will only be approved definitively once work is underway.
Production in **India** mainly focused on the following projects:

KFW
During the period, an extension was approved for the delivery of the project as well as a variation to the third line. Two stations and one block section were commissioned.

NORTH TPWS
The installation reworking on the “Kosi Yard and BAD - FAR” sections was completed and the safety case has been sent to the customer for approval. A training session for the customer’s personnel was organised and completed and an extension was also approved.

SOUTH TPWS
Installation and building site works were completed for both the on-board and wayside portions. The as-built and safety case documentation and the ISA report have been sent to the customer for approval for the FAT certification required for the completion of the project.

CALCUTTA METRO
The Calcutta metro project is still in its initial stages. The customer has officially notified a one-year delay for certain civil works which does not currently appear to impact the planning of the works the group must carry out; investigations are underway to better establish timing and cost implications. Engineering activities have commenced and purchase orders were finalised with telecommunications providers. The General requirements and preliminary design milestones were reached and submitted to the customer for examination.

There are various projects underway in **Korea** for equipment supply for various types of locomotives. 31 locomotives have been delivered for the Rotem TCDD projects. In respect of the other projects, the equipment for the first eight KTXII-H and EMU 138 locomotives were delivered in addition to the first DL25 locomotive.

In **China**, the ZhengXi Line project is almost complete. On-board systems issues have been resolved and laboratory and on-site testing carried out together with Hollysys. This entailed the release of a new version of the on-board software featuring a safety case, which has already been installed on the trains. The first train featuring cabling hardware modifications began operating.

Operating profit (EBIT) of the Signalling business unit for the period ended 30 June 2013 came to €29,866 thousand (8.7% as a percentage of revenue), compared to €34,798 thousand (10.4% as a percentage of revenue) in the corresponding period of the previous year, due to the different mix of contracts in the two periods.
Operating working capital at 30 June 2013 amounted to €119,189 thousand, compared to €103,705 thousand at 31 December 2012. The change is mainly due to the increase in net work in progress and inventories.
Research and development expense for the reporting period equalled €13,923 thousand, compared to €15,321 thousand in the corresponding period of the previous year.
The **headcount** at 30 June 2013 numbered 3,045 (3,033 employees at 30 June 2012). The increase, which is mainly related to fixed-term contracts, refers in particular to the Spanish area and reflects the acquisition of the contract for the maintenance of the railway traffic control and signalling and associated systems for the Madrid-Puigverd de Lleida high-speed line.

2.6.4 Transportation Solutions - performance by business unit

(€'000)	**First half of 2013**	First half of 2012	Change	31.12.2012
New orders	116,226	349,913	(233,687)	642,712
Order backlog	3,216,917	3,441,645	(224,728)	3,388,258
Revenue	255,759	242,440	13,319	564,853
Operating profit	26,217	25,086	1,131	69,130
ROS	10.3%	10.3%	0.0 p.p.	12.2%
Operating working capital	(83,644)	(113,986)	30,342	(129,106)
Research and development	463	878	(415)	1,695
Headcount (no.)	671	592	79	631

(The amounts shown in the table include inter-segment transactions).

Revenue generated by the Transportation Solutions business unit in the six months ended 30 June 2013 amounted to €255,759 thousand, compared to €242,440 thousand for the corresponding period of the previous year.
Volumes generated in Italy accounted for 34% and those generated abroad for 66%, with 49% of volumes in the metro sector. Production mainly related to the following projects: line C of the Rome metro, high-speed railways, the Copenhagen metro, the Milan metro, the Genoa metro, Alifana, line 6 and line 1 of the Naples metro, the Brescia metro, Riyadh, Honolulu and the Australian Rio Tinto project.
The key production activities are summarised below.

ITALY

<u>HIGH-SPEED RAILWAYS:</u>
Interconnections continued to be rolled out and works performed under warranty on those lines already in operation in the high-speed line. With respect to the Rome-Naples section, after the arbitration between TAV and IRICAV UNO consortium was concluded in June 2012, with the award in favour of IRICAV UNO, the customer has stated its intention to appeal against the award on 7 February 2013.
Meanwhile, following the enforcement of the award obtained from the Rome Court, IRICAV UNO served a writ of execution to obtain payment of 65% of the amount set in the award, subject to a subsequent action to obtain payment of the residual amount. RFI and IRICAV UNO reached an agreement whereby RFI paid the requested amount and IRICAV UNO issued the corresponding guarantees.
In March 2012, the arbitration between RFI/TAV and the IRICAV DUE consortium was also concluded for the Verona-Padua section; under the award, RFI/TAV shall partially compensate IRICAV DUE and the 1992 agreement is still valid and in force.
RFI has already paid IRICAV DUE the amount set in the award but has not yet forwarded IRICAV DUE the definitive project for the section in order to commence the execution plan.

<u>ALIFANA REGIONAL LINE:</u>
Following the halt of all activities related to the Piscinola-Aversa section, the group deemed it necessary to redetermine and agree a suspension of the physical activities so as not to incur extra costs. With reference to the Piscinola-Capodichino section, as the customer failed to fulfil its commitments, a review of the claims was commenced and there is a court order imposing the customer to pay outstanding receivables.

<u>NAPLES METRO LINE 6:</u>
On 4 March 2013, part of a building collapsed in Riviera di Chiaia, near the Arco Mirelli building site. Following the event, the public prosecutor appointed consultants identified specifically to investigate the causes of the collapse. On 7 March 2013, the public prosecutor's office served the CEO and two employees a notice of investigation through the Naples Court in respect of the offences covered by articles 434 and 449 of the Code of criminal procedure. The causes are not yet known and all relevant investigations are being carried out.
The Naples municipal authorities and the operator, Ansaldo STS S.p.A., took immediate steps to obtain authorisation to implement safety measures on the building site with a view to swiftly resuming regular activities. Activities are set to resume in September under the supervision of the judiciary experts.
Following the events described above, a delay of some months is expected in completing the station works.
Works at the other sites continued in accordance with the work schedule. No particular issues are expected with respect to the originally agreed timetable.

<u>ROME METRO LINE C:</u>
The execution plan for the T3 section was formally approved in February 2013 and the area acceptance report was signed at the end of March.
With reference to the progress of on-site activities, the general contractor has just launched the pre-operational stage on the Pantano-Centocelle section, which is the first to be rolled out. This stage is set to be completed by mid-September. However, it is expected to be opened to the public at the end of 2013, pending the completion of some variations requested by the fire brigade.

<u>MILAN METRO LINE 5:</u>
The Bignami-Zara line commenced operations in February.
No particular issues have arisen in relation to the activities to complete the Zara to Garibaldi section and its roll-out is slated for the end of 2013.
With reference to the line's extension from Garibaldi (excluded) to the San Siro station, the executive design is substantially complete and orders for all main supplies have been issued. Testing of the signalling and telecommunications materials is nearing completion.

Monitoring activities will take place in October 2013. Due to delays in delivery from the customer, there is presently a difference between the final date for the work compared to the contractually-agreed programme. An agreement has been reached with the Milan municipality for a situation that, although on a smaller scale (skipping some stations), will allow the partial opening of the Garibaldi to San Siro line by the contractually-agreed date of April 2015 (in time for EXPO 2015) and the completion of all works and the opening of the complete line by October 2015.

NAPLES METRO LINE 1:
During the first half of 2013, works related to the Electrical Substation Garibaldi and the Toledo station's second exit (Montecalvario) were almost completed. Opening to public is slated for September 2013.
Activities are also underway on the other sites that will lead to the completion of the Dante-Garibaldi section in its final configuration, except for the Municipio and Duomo stations, by the end of 2013.

BRESCIA METRO:
The metro became operational in March, after receiving all necessary safety certifications from the relevant ministerial bodies.
Monitoring and support activities and the completion of minor activities necessary to reach the performance levels established for the end of the first year of operation (which will be assessed during the technical/administrative acceptance), are underway.

REST OF EUROPE

THESSALONIKI METRO:
The General Final Design 1 documentation for the signalling subsystem and the technical variation related to the CBTC signalling system are being agreed with the customer, while the Detailed Final Design has been unveiled with respect to the other technologies.
In May 2013, the Greek government passed a law regulating the projects financed by the European Union in order to definitively settle most of the litigation arising between 2006 and mid-2012. Consequently, all the claims related to the AIASA JV in respect of the design and construction and of the Thessalonik metro, will be covered by the relevant arbitration procedure.

COPENHAGEN METRO:
The following Detailed Design milestones were reached: Passenger Vehicles, CMC, Service Vehicles and Workshop equipment. The documentation received from the customer continued to be reviewed and discussed. Preliminary Engineering and Detailed Engineering also continued.
With reference to the civil works underway at the depot, the electricity substation, offices and workshops have been completed. The structural part of the washing plant (to wash vehicles both inside and outside) has been completed, while pits and the related cable ducts are being laid down in the yard.

NORTH AFRICA AND THE MIDDLE EAST

RIYADH AUTOMATED PEOPLE MOVER SYSTEM (APM):
The system has been running automatically since September 2012; at such time, following the signing of the contract, Ansaldo STS group commenced direct operation and maintenance activities.
In addition to the activities necessary to consolidate system performance, the roll-out of the automated depot equipment (AMR: automatic meter reading, MMIS: man-machine interface systems and the washing plant) and the roll-out of the automatic operation of vehicle two are yet to be completed. The integrated system testing will be carried out during the System Demonstration in the second half of 2013.

AMERICA

HONOLULU:
Design activities continue. Specifically, the customer has approved the Definitive Design for telecommunication and security systems and is completing the process related to the other main subsystems (signalling and electrical traction).

ASIA PACIFIC

TAIPEI METRO CIRCULAR LINE:
The new contractual programme based on an extension of time of 19.5 months was approved in April 2013. Detailed Design activities are underway in accordance with the new programme and manufacturing activities are slated to commence in the next few months.

AUSTRALIA:
Production of the first half of 2013 related to projects under the master agreement with Rio Tinto (RAFA). The key production activities of the reporting period related to AutoHaul, RCE283, Hope Down 4, Driver Assist and ECP (Electronically Controlled Pneumatic brakes).

Operating profit (EBIT) of the Transportation Solutions business unit for the period ended 30 June 2013 came to €26,217 thousand (10.3% as a percentage of revenue), compared to €25,086 thousand (10.3% as a percentage of revenue) in the corresponding period of the previous year. This increase is due to the increased volume and the different mix of contracts in the two periods.
Operating working capital at 30 June 2013 was negative by €83,644 thousand, compared to a negative €129,106 thousand at 31 December 2012. The change is mainly due to the increase in net work in progress.
Research and development expense taken to profit or loss totalled €463 thousand, compared to €878 thousand in the corresponding period of the previous year.
The **headcount** at 30 June 2013 numbered 671, up 79 employees on the 592 employees at 30 June 2012. This rise is mainly linked to the increase in activities on projects in Australia.

3 Key events of and after the reporting period

Through its subsidiary Ansaldo STS España, Ansaldo STS group won a contract during the period for the maintenance of the railway traffic control and signalling and associated systems for the Madrid-Puigverd de Lleida high-speed line.
The 495 km line connects Madrid and Barcelona with the French border. The approximately €27 million contract comprises the maintenance of the signalling (level 1 and 2 ERTMS) and security systems being developed for this line.

At the beginning of April 2013, the Office National des Chemins de Fer (ONCF) awarded the project to design and supply the railway signalling centre, telecommunications and traffic control for the 183 km high-speed line that will connect Tangiers and Kenitra (along the Atlantic coast) to the consortium comprising Ansaldo STS France S.A.S. and Cofely Ineo. The total contract is worth €120 million, of which approximately €58 million pertains to Ansaldo STS group.
The consortium leader, Ansaldo STS group, will perform all stages of the signalling implementation, from design to integration and roll out, supply the telecommunications equipment, next generation safety interlocking, track circuits, automatic controls and automatic train protection systems based on level 1 and 2 ERTMS, as well as the traffic control centre located in Rabat. These technologies have already been rolled out or are under development in France.
Cofely Ineo, a leading railway signalling solutions operator, will supply the ground control equipment and provide the electrical power supply and related cable networks. Its engineering department will supply the execution plans required for the installation of critical and complex systems. The complete system will enable the safe and reliable commercial operation of the new line at speeds of up to 320 km/h.

In June 2013, Ansaldo STS group won a contract to implement ERTMS signalling technologies on the new line linking Oued Tlelat to Tlemcen (Algeria). The consortium, which is made up of Condotte d'Acqua and Rizzani de Eccher (Italian companies operating in the field of civil works), appointed Ansaldo STS group to design, supply, install and roll-out ERTMS signalling systems, including all necessary equipment, of the new 130-km line linking Oued Tlelat to Tlemcen, in North West Algeria. The contract totals €40 million and has an estimated term of two and a half years. This project is part of a national plan to develop infrastructure and upgrade the railway networks of the country from east to west. As part of the contract, Ansaldo STS group will cover all the implementation stages of both ERTMS (levels 1 and 2) and the traditional signalling system along the tracks, bringing mixed traffic on the new line, where both passenger and goods train circulate. In addition to the signalling systems along the tracks, Ansaldo STS group will equip the Orano-based Traffic Control Centre and 15 trains. The entire system will ensure safe and reliable operations with a speed of up to 220 km/h.

Again in June 2013, Ansaldo STS group won a €13 million contract for the implementation of the level 2 ERTMS signalling technology on the new high-speed line linking Tours to Bordeaux (S.E.A line) in France. The new contract, which was assigned to Ansaldo STS group by Cofely Ineo (GDF Suez Group), together with Systra, is worth €13 million and includes an option for an additional €4.9 million. This contract follows the agreement signed in 2011 which appointed Ansaldo STS group with the provision of the entire signalling system for the new high-speed S.E.A. line. It covers the design, supply, testing and roll-out of the entire level 2 ERTMS technology, which will flank the traditional signalling system. Once completed, this project will ensure safe and reliable operations with a speed of up to 320 km/h, along the 343 km-long new line. Together with the projects in Eastern Europe and those for the high-speed railway in the Loire Valley, this project confirms Ansaldo STS's leading position in level 2 ERTMS systems in France. Ansaldo STS's global leadership in the railway and mass transport sector continues to grow, conforming its ability in implementing projects from scratch or updating existing networks, with respect to both signalling systems and turn-key programmes.

On 15 July 2013, as approved by the board of directors on 29 May 2013, the company carried out the fourth instalment of the bonus issue approved by the shareholders in their extraordinary meeting of 23 April 2010.
Following the issue of this fourth instalment, the company's share capital now equals €90,000,000, comprising 180,000,000 ordinary shares of a nominal amount of €0.50 each.

4 Research and development

Research and development expense generated by the centrally-coordinated Signalling and Transportation Solutions business units taken directly to profit and loss for the six months ended 30 June 2013 totalled €16.0 million (€17.3 million in the same period of the previous year), against grants and services approximating €1.6 million (€1.1 million in the same period of the previous year).
Key activities of the period are described below:

Signalling

Research and development expense totalled €15.2 million for the first half of 2013 (€16.3 million in the same period of the previous year), against grants of €1.3 million (€1.0 million in the same period of the previous year).

In respect of externally-funded projects, the following projects funded by the Ministry of Production Activities (Industria 2015 - Sustainable Mobility) for "intermodality" are drawing to a close:
- *SISTEMA* - involving the study of railway movement at ports. The project was completed at the end of 2012 with a demonstration in the Port of Genoa.
- *SLIMPORT* - a project coordinated by SelexES within which the group coordinates the Slim Rail sub-project, involving the design of a rail-based port-inner harbour container transfer system. The project was completed in 2012.

As part of the National Operational Programmes, the following activities were carried out using the Campania region funds:

- *SICURFER* - development and piloting of technologies to monitor railway infrastructures in order to raise safety and security levels.
- *DIGITAL PATTERN DEVELOPMENT* a project coordinated by Fiat for the development of simulation systems used in the design and production of road and rail transport systems and components; the group is involved in developing the rail traffic simulation systems. Activities commenced in early 2012.

The developments concerning the use of satellite technologies in signalling systems which commenced during the year played a central role.

Activities commenced in the second half of 2012 related to satellite positioning and the ERTMS satellite system (which will use the RBCs), following increasing demand in the rail market, particularly as relates to freight (the Roy Hill contract acquired by Ansaldo STS Australia PTY LTD).

Development activities also took place on the following projects which do not receive external funding:
- Standard *RBC/ERTMS*
- Standard *BALISE*
- Reduced-size *BALISE*
- *SIGNAL ENCODER*
- *ON BOARD*
- *CBTC (COMMUNICATION BASED TRAIN CONTROL)*
- *INTERLOCKING*
- *MULTIFUNCTION PORTAL*

Transportation Solutions

Research and development expense for the Transportation Solutions business unit totalled €0.8 million for the first half of 2013 (€1 million in the same period of the previous year), against grants of €0.3 million (€0.1 million in the same period of the previous year).

The following financed projects are underway:
- SITRAM: the project is funded by the Ministry of Economic Development (MED) using the Industria 2015 scheme. It comprises the design and piloting of cutting-edge technological solutions for energy captation without overhead lines (TramWave®) and increased efficiency of the energy cycle and security. The modular TramWave® solution was developed and industrialised in this context, and a 600-metre section of the Naples-Poggioreale line was equipped for system functionality and safety successful testing. Given the delayed issue of the definitive decree, an 18-month extension was requested and approved, taking the project end date to June 2013;
- the SFERE research and development project funded by the Ministry for University and Research commenced in the last quarter of 2012. Its aim is to develop solutions to control energy flows and to pilot integrated solutions involving the installation of supercapacitators;
- the MBAT project funded by the Artemis JV (a public-private player that grants European Commission funding for the innovation of embedded systems) and the Ministry for University and Research was launched in early 2012. Its scope is to improve the efficiency and effectiveness of embedded systems development and testing with a view to greater rail system safety and availability;
- the OSIRIS project funded by the European Commission was launched in January 2013. Its scope is to set energy efficiency indicators for urban systems based on standard operating cycles, develop a holistic model duly interfaced with tools for global modelling of energy flows and consumption in urban systems and assess the effect of launching new specific technologies and operating strategies to reduce the consumption of urban transportation systems in the future;

- MERLIN, another project funded by the European Commission, was launched in early 2013. Its scope is to: characterise railway systems and the main elements affecting energy consumption, focusing in particular on main lines (as opposed to the OSIRIS project which addresses urban systems), set energy efficiency indicators for a direct benchmark of system performance, develop a global energy consumption map and set the main requirements for energy optimisation and design a system reference architecture also interfacing with supervision and control systems (e.g., the signalling system).

Research and development expense for the reporting period totalled €14,387 thousand, down €1,812 thousand over the corresponding period of the previous year (€16,199 thousand).
The activities generated by the Signalling business unit totalled €13,923 thousand (down €1,398 thousand on the corresponding period of the previous year) and mainly related to the following companies:
- Ansaldo STS S.p.A.: €5,955 thousand;
- Ansaldo STS France S.A.S.: €5,310 thousand;
- Ansaldo STS USA Inc.: €2,659 thousand.

The activities generated by the Transportation Solutions business unit totalled €463 thousand, down €415 thousand over the corresponding period of the previous year.

Research expense of €877 thousand was capitalised in relation to the “satellite project”, against which grants of €469 thousand were recognised.

5 Human resources and organisation

5.1 Ansaldo STS

On 6 May 2013, Luigi Calabria replaced Alessandro Pansa as Chairman of the board of directors of Ansaldo STS S.p.A.. Consequently, as of this date, the following people are in charge:
• Chairman of the board of directors: Luigi Calabria;
• Deputy chairman of the board of directors: Giancarlo Grasso;
• Chief executive officer: Sergio De Luca.

In its meeting of 25 March 2013, the board of directors unanimously approved to modify the group's first-level organisational structure, specifically, transferring the responsibility for the ASTS External Relations from the Chief executive officer to the company's Investor Relator, Andrea Razeto. The new department was renamed Investor & External Relations. Later on, during the board of directors' meeting of 29 May 2013, the Chief executive officer noted that the Investor Relations had been placed under the responsibility of Roberto Corsanego, who reports directly to the CFO. Consequently, as of 30 May 2013, the "Investor and External Relations" department, which reports to the CFO Unit, is broken down into the two following units:
- Investor Relations;
- External Communications.

On the same date, the following responsibilities were assigned: Roberto Corsanego, who maintains interim responsibility for the Group Planning & Reporting unit, became responsible for the Investor Relations unit, while Andrea Razeto remained in charge of the External Communications unit. Both units report to the CFO.

Ansaldo STS's first-level organisational structure is therefore as follows:
• Reporting to the CEO, Sergio De Luca:
  - Signalling business unit: Emmanuel Viollet;
  - Transportation Solutions business unit: Sergio De Luca, ad interim;
  - Standard Platforms & Products business unit: Giuseppe Gaudiello;
  - Innovation & Competitiveness: Giovanni Bocchetti;
  - Legal Business Affairs & Litigation: Filippo Corsi;
  - Corporate Affairs & Group Insurances: Grazia Guazzi;
  - Chief Financial Officer: Christian Andi;
  - Human Resources: Stefano Palmieri;
  - Risk Management: Roberto Passalacqua;
  - HSE & Facility Management: Giuseppe Spezzi;
  - Security: Giovanni Rapiti;
  - Strategy, Quality & Improvement: Marco Fumagalli.

• Reporting to the chairman of the board of directors:
  - Internal Audit: Mauro Giganti.

The board of directors unanimously approved Ansaldo STS group's 2012 sustainability report on 25 March 2013.

In its meeting of 29 May 2013, the board of directors unanimously acknowledged the retirement of Pino Merenda, revoking his position as the company's Technical Director.

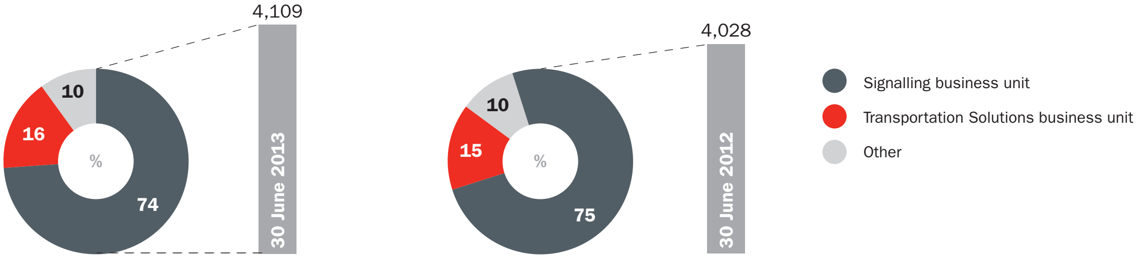
5.2 Headcount at 30 June 2013

The group's **headcount** at 30 June 2013 numbered 4,109, up a net 81 employees on the 4,028 employees at 30 June 2012 (3,991 employees at 31 December 2012).

The group's **average headcount** for the six months ended 30 June 2013 numbered 4,042, compared to 4,040 employees for the six months ended 30 June 2012 (4,010 employees at 31 December 2012).

It may be analysed by business unit at 30 June 2013 as follows:
• Signalling business unit: 3,045 employees, equal to 74.1% of total employees;
• Transportation Solutions business unit: 671 employees, equal to 16.3% of total employees;
• Other activities: 393 employees, equal to 9.6% of total employees;

Headcount at 30 June 2013 - 2012 and breakdown by business unit



5.3 Data protection document

"Disclosure pursuant to Legislative decree no. 196 of 30 June 2003 (personal data protection code)"

Pursuant to paragraph 26 of the Technical requirements governing minimum security measures, which forms Annex B to Legislative decree no. 196 of 30 June 2003 (personal data protection code), a Data protection document has been drawn up for the processing of personal data.

This document contains the information required by paragraph 19 of Annex B and describes the security measures implemented by the parent to minimise the risk of destruction or loss, including accidental, of personal data, unauthorised access or unapproved processing, or processing that does not comply with the purposes for which it was gathered.

5.4 Incentive plans

5.4.1 Approval of new plans

In line with the Recommendations of the European Commission no. 385 of 30 April 2009 and no. 913 of 14 December 2004, the Code of conduct endorsed by Borsa Italiana S.p.A. recommends that the board of directors of listed companies, on the proposal of the Appointments and remuneration committee, define a general policy for the remuneration of executive directors, other key directors and management personnel.

Based on the above and in line with the same document approved by the board of directors for 2012, on 5 March 2013, the parent's board of directors approved the "Remuneration policy".

The aim of this policy is to:
- foster the creation of value for shareholders in the medium- to long-term;
- develop a strong link between performance and remuneration, both individual and of the Ansaldo STS group;
- attract, retain and motivate high-quality management personnel.

In this new and more detailed context and pursuant to the above-mentioned recommendations of the Code of conduct, Ansaldo STS group has developed and approved:
- a stock grant plan for 2012-2013;
- a new long-term incentive (cash) plan for 2012-2014, which flanks the other three-year plans (2010-2012 and 2011-2013).

These plans are part of a complex network of short, medium and long-term variable incentives and play a significant role in managers' total remuneration. Moreover, under these plans, a significant portion of managers' remuneration is pegged to the achievement and improvement of financial parameters and to strategic objectives which are vital to creating value.

6 Corporate Governance and ownership structure pursuant to article 123-bis of Legislative Decree no. 58 of 24 February 1998 and subsequent amendments (the Consolidated Finance Act)

The Ansaldo STS shares have been listed on the Star segment of the markets organised and managed by Borsa Italia S.p.A. since 29 March 2006 and have been included on the FTSE MIB index since 23 March 2009.
With the approval of the board of directors given on 19 December 2006, Ansaldo STS adopted the Code of conduct endorsed by Borsa Italiana S.p.A. in March 2006 and came into line with its requirements during 2007.
On 18 December 2012, following Borsa Italiana S.p.A.'s corporate governance committee adopting of a new Code of conduct, Ansaldo STS's directors' resolved to comply with the principles of this new code and to update its own governance systems to reflect them.
Detailed disclosure on the parent's corporate governance structure and the measures taken following the adoption of the 2011 Code of conduct is provided in the section of the directors' report covering corporate governance and the adoption of the Code of conduct for listed companies related to 2012, published on 26 March 2012 together with the 2012 annual report.

After setting the number of directors at nine, the shareholders appointed the company's new board of directors for 2011-2013 on 5 April 2011: Alessandro Pansa (Chairman), Giancarlo Grasso, Sergio De Luca, Maurizio Cereda, Attilio Salvetti, Paola Girdinio, Tatiana Rizzante, Giovanni Cavallini and Filippo Giuseppe Maria Milone.
Filippo Milone subsequently resigned from the board of directors effective 13 December 2011. To replace Mr. Milone, the board of directors co-opted Bruno Pavesi as director, on 30 March 2012. Mr. Pavesi's appointment as a director was approved by the shareholders in their meeting of 7 May 2012.
Finally, on 5 March 2013, Alessandro Pansa resigned from his post as chairman and member of Ansaldo STS S.p.A.'s board of directors, effective from the end of the shareholders' meeting called to approve the financial statements at 31 December 2012. Mr. Pansa's resignation is due to his new appointment as Finmeccanica S.p.A.'s Chief executive officer, effective 13 February 2013, in addition to his post as General manager of the latter company and the resulting increased commitment required.
In their ordinary meeting of 6 May 2013, the shareholders appointed Luigi Calabria as Ansaldo STS's new Director and Chairman of the board of directors, replacing Alessandro Pansa. Mr. Calabria's term of office will cease on the same date as that of the current board of directors, i.e., on the day the shareholders' are called in a meeting to approve the financial statements at 31 December 2013.

At the same meeting of 5 April 2011, the shareholders also appointed the board of statutory auditors for the 2011-2013 period, comprising Giacinto Sarubbi (Chairman), Renato Righetti and Massimo Scotton, and appointing Bruno Borgia and Pietro Cerasoli as substitute statutory auditors.
On 5 April 2011, the board of directors also appointed the members of the internal control committee (now the risk and control committee) (Attilio Salvetti – Chairman, Maurizio Cereda and Paola Girdinio), the remuneration committee (now the appointments and remuneration committee) (Maurizio Cereda – chairman, Giovanni Cavallini and Filippo G. M. Milone); following the resignation of Mr. Milone and his replacement with Mr. Pavesi, the latter was also appointed to the remuneration committee with effect from 30 March 2012. The company's Chief financial officer, Alberto Milvio, was appointed manager in charge of financial reporting.

Also on 5 April 2011, the board of directors appointed Sergio De Luca as CEO, Giancarlo Grasso as deputy chairman of the board of directors and Mario Orlando, the company's general secretary, as board secretary. This position was subsequently conferred on Mauro Gigante, by the board of directors on 22 September 2011, as the company's new general secretary, replacing Mario Orlando, who became Finmeccanica's Group general counsel. Finally, on 27 September 2012, the board of directors appointed Grazia Guazzi (in charge of the company's Corporate Affairs & Group Insurances department) as the new secretary to the board of directors, to replace Mauro Gigante who ceased to hold any role within Ansaldo STS group from 1 October 2012.

The company's board of directors also appointed Christian Andi as the company's new Chief financial officer, with effect from 1 September 2012, and, subject to the board of statutory auditors' approval, as manager in charge of financial reporting pursuant to article 154-bis of Legislative decree no. 58/1998, replacing Alberto Milvio.

On their appointment and/or co-optation, the directors, Giovanni Cavallini, Maurizio Cereda, Paola Girdinio, Tatiana Rizzante, Attilio Salvetti and Bruno Pavesi, confirmed they meet the requirements for independence of current legislation and the Code of conduct. The board of directors also assessed these requirements and the board of statutory auditors, in turn, checked the criteria adopted by the board were properly applied. The board then subsequently checked the independence requirements still complied with in their meetings of 13 December 2011 and 18 December 2012, during which the board (i) examined the results of the regular surveys carried out on company directors' positions as directors or statutory auditors in other listed, financial, banking, insurance or large-sized companies, as notified by each director; (ii) acknowledged the statements made by the independent directors and confirmed they continue to meet the independence requirements required by current legislation and the Code of conduct.

Also in the meeting of 5 April 2011, pursuant to the requirements of the 2006 Code of conduct, after discussion with the internal control committee (now the risk and control committee), the company's board of directors also appointed the CEO, Sergio De Luca, as executive director in charge of supervising the operation of the internal control system and Mauro Giganti, who heads up the company's internal audit department, as the internal control manager.
On 18 December 2012, Ansaldo STS's board of directors, pursuant to article 7 of the new Code of conduct approved by Borsa Italiana S.p.A.'s corporate governance committee in December 2011, confirmed the CEO, Sergio De Luca - formerly *"executive director in charge of supervising the operation of the internal control system"* under article 8.C.5 of the 2006 Code of conduct - as *"director in charge of the internal control and risk management system"* under article 7.C.4 of the new Code of conduct; moreover, on Mr. De Luca's proposal, with the approval of the internal control committee and having consulted the board of statutory auditors, the board of directors confirmed Mauro Giganti - formerly *"in charge of internal control"* under article 8.C.6 of the 2006 Code of conduct - as manager of the Internal audit department under article 7.C.5 of the new Code of conduct.

Pursuant to the Code of conduct, during the first meeting of the board of statutory auditors, also held on 5 April 2011, the statutory auditors, Giacinto Sarubbi, Renato Righetti and Massimo Scotton, also confirmed they meet the independence requirements of current legislation and stated thereby at the time of their appointment. Possession of the independence requirements was subsequently checked and confirmed by the members of the board of statutory auditors also during the meetings held on 27 January 2012 and 18 December 2012.

During the first half of the year, a specialised company completed its assessment of the operation of the board of directors and its internal committees. The positive findings of this assessment confirmed that Ansaldo STS's board of directors and committees operate under a high level of professionalism and showed a good level of compliance with the requirements of the Code of conduct and international corporate governance best practices.

The parent also published its 2012 Sustainability report in the first half of 2013. Such report was reviewed by KPMG S.p.A..

With respect to the independent auditors appointed to perform the legally-required audit of Ansaldo STS S.p.A.'s financial statements, in their meeting of 7 May 2012, the shareholders awarded the new audit engagement for the 2012-2020 period to KPMG S.p.A..

Finally, on 5 March 2013, the board of directors approved the company's 2013 remuneration policy, in compliance with the recommendations of article 6 of the Code of conduct, on the basis of the proposal prepared by the appointments and remuneration committee dated 1 March 2013.
On the same date, after discussion with the appointments and remuneration committee, the board of directors subsequently approved the remuneration report prepared by the company pursuant to article 123-*ter* of the Consolidated finance act and article 84-*quarter* of the Issuer regulation.
Finally, pursuant to article 123-*ter*.6 of the Consolidated finance act, in their meeting of 6 May 2013, the shareholders approved the first part of the above-mentioned report required by article 123-*ter*.3 of the Consolidated finance act, which describes the company's remuneration policy for its officers and key managers, and the procedure followed to implement and describe this policy.

Pursuant to article 70.8 of the Issuer regulation, we note that, in their meeting of 28 January 2013 and as permitted by articles 70.8 and 71.1-*bis* of the Issuer regulation, the parent's board of directors resolved to opt-out of the requirement to prepare the required documents at the time of significant transactions such as mergers, demergers, share capital increases via contributions in kind, acquisitions and sales.

The key corporate governance tools the company has implemented in compliance with the most recent legislative and regulatory requirements, those required by the Code of conduct and national and international best practices, are as follows:

- By-laws;
- Code of ethics;
- Organisational, management and control model pursuant to Legislative decree no. 231/01;
- Shareholders' meeting regulations;
- Board of directors' regulations;
- Control and risk committee regulations;
- Appointments and remuneration committee regulations;
- Related party transactions - Procedure adopted pursuant to article 4 of Consob regulation no. 17221 of 12 March 2010;
- Procedure for the handling of privileged information;
- Internal dealing code of conduct.

For further details on the company's corporate governance, reference should be made to the "Corporate governance report", comprising all disclosure required by article 123-bis of the Consolidated finance act, available on the company's website www.ansaldo-sts.com.

Genoa, 26 July 2013

On behalf of the board of directors
The Chairman

Luigi Calabria

Ansaldo STS
A Finmeccanica Company

Condensed interim consolidated financial statements as at and for the six months ended 30 June 2013

7 Condensed interim consolidated financial statements

7.1 Income statement

(€'000)	Note	For the first six months of 2013	of which, related parties	2012	of which, related parties
Revenue	11.2	583,398	93,498	568,486	91,557
Other operating income	11.3	12,628	4	20,290	5
Purchases	11.4	(119,171)	(4,743)	(107,882)	(1,255)
Services	11.4	(248,239)	(32,037)	(252,490)	(24,318)
Personnel expense	11.5	(162,645)	-	(161,833)	-
Amortisation, depreciation and impairment losses	11.6	(7,878)	-	(11,226)	-
Other operating expense	11.7	(8,477)	(48)	(9,290)	(48)
Changes in finished goods, work-in-progress and semi-finished products		1,913	-	4,387	-
(-) Internal work capitalised	11.8	1,062	-	142	-
Operating profit		**52,591**		**50,584**	
Financial income	11.9	12,470	210	11,853	76
Financial expense	11.9	(15,625)	(40)	(17,868)	(28)
Share of profits of equity-accounted investees	11.10	14	-	3,530	-
Pre-tax profit		**49,450**		**48,099**	
Income taxes	11.11	(17,175)	-	(18,431)	-
Profit/(loss) from non-current assets held for sale		92	-	-	-
Profit for the period		**32,367**		**29,668**	
attributable to the owners of the parent		*32,359*	-	*29,792*	-
attributable to non-controlling interests		*8*	-	*(124)*	-
Earnings per share					
Basic and diluted		*0.20*		*0.19**	

(*) recalculated following the bonus issue of 9 July 2012

7.2 Statement of comprehensive income

(€'000)	For the first six months of 2013	2012
Profit for the period	32,367	29,668
Other comprehensive income		
- Actuarial losses on defined benefit plans	(8)	(1,822)
- Change in fair value of cash flow hedges	4,184	1,761
- Income tax on other comprehensive income/(expense)	(37)	686
- Exchange rate gains (losses)	(4,541)	3,732
Other comprehensive income/(expense), net of taxes	**(402)**	**4,357**
Total comprehensive income for the period	**31,965**	**34,025**
Attributable to:		
- the owners of the parent	31,813	34,108
- non-controlling interests	152	(83)

7.3 Statement of financial position

(€'000)	Note	30.06.2013	of which, related parties	31.12.2012	of which, related parties
ASSETS					
Non-current assets					
Intangible assets	10.2	50,001	-	51,062	-
Property, plant and equipment	10.3	89,815	-	91,099	-
Equity investments	10.4	38,380	-	37,735	-
Loans and receivables	10.5	22,588	6,782	22,345	6,779
Deferred tax assets	11.11	39,012	-	38,127	-
Other non-current assets	10.5	23,459	-	24,628	-
		263,255		**264,996**	
Current assets					
Inventories	10.6	136,360	-	131,584	-
Contract work in progress	10.7	413,637	-	313,096	-
Trade receivables	10.8	586,392	101,294	748,747	168,966
Financial assets at fair value through profit or loss	10.9	-	-	-	-
Tax assets	10.10	25,434	-	25,081	-
Loan assets	10.8	124,320	75,836	173,520	120,533
Derivatives	10.22	6,362	-	4,627	-
Other current assets	10.11	57,669	1,525	57,061	1,555
Cash and cash equivalents	10.12	118,594	-	146,837	-
		1,468,768		**1,600,553**	
Non-current assets held for sale		**92**	**-**	**-**	**-**
Total assets		**1,732,115**		**1,865,549**	
EQUITY AND LIABILITIES					
Share capital	10.13	80,000	-	79,998	-
Reserves	10.14 - 10.15	393,470	-	388,741	-
Equity attributable to the owners of the parent		*473,470*		*468,739*	
Equity attributable to non-controlling interests	*10.16*	*577*	-	*427*	-
Total equity		**474,047**		**469,166**	
Non-current liabilities					
Employee benefits	10.19	30,821	-	30,724	-
Deferred tax liabilities	11.11	8,527	-	8,102	-
Other non-current liabilities	10.20	9,901	-	10,839	-
		49,249		**49,665**	
Current liabilities					
Progress payments and advances from customers	10.7	662,989	-	710,720	-
Trade payables	10.21	427,925	50,258	500,563	58,741
Loans and borrowings	10.17	1,195	-	18,375	-
Tax liabilities	10.10	6,654	-	5,727	-
Provisions for risks and charges	10.18	14,660	-	15,842	-
Derivatives	10.22	5,464	-	4,108	-
Other current liabilities	10.20	89,932	397	91,383	397
		1,208,819		**1,346,718**	
Total liabilities		**1,258,068**		**1,396,383**	
Total liabilities and equity		**1,732,115**		**1,865,549**	

7.4 Statement of cash flows

(€'000)	Note	For the first six months of 2013	of which, related parties	2012	of which, related parties
Cash flows from operating activities:					
Gross cash flows from operating activities	13	62,617	-	57,668	-
Change in working capital	13	(66,445)	59,003	(83,139)	41,250
Changes in other operating assets and liabilities	13	(4,157)	27	(17,834)	(710)
Net interest paid	13	3,312	170	(1,767)	(22)
Income taxes paid	13	(14,999)	-	(6,128)	-
Cash flows used in operating activities		**(19,672)**	**-**	**(51,200)**	**-**
Cash flows from investing activities:					
Acquisitions/coverage of losses of companies, net of cash acquired		(103)	-	(375)	-
Investments in property, plant and equipment and intangible assets		(4,957)	-	(5,401)	-
Sales of property, plant and equipment and intangible assets		(123)	-	1,396	-
Sales of equity investments		-	-	840	-
Changes in non-current financial assets		33	-	-	-
Cash flows used for strategic transactions		(631)	-	(216)	-
Other investing activities		-	-	-	-
Cash flows used in investing activities		**(5,781)**	**-**	**(3,756)**	**-**
Cash flows from financing activities:					
Net change from other financing activities		28,776	44,770	30,241	(32,614)
Share capital increases		-	-	2	-
Dividends paid		(28,800)	-	(28,000)	-
Other financing activities		(2)	-	9,212	-
Cash flows generated by/(used in) financing activities		**(26)**	**-**	**11,455**	**-**
Net increase/(decrease) in cash and cash equivalents		(25,479)	-	(43,501)	-
Exchange rate gains and losses, net		(2,764)	-	1,267	-
Opening cash and cash equivalents		146,837	-	160,928	-
Closing cash and cash equivalents		**118,594**	**-**	**118,694**	**-**

7.5 Statement of changes in equity

Changes in equity are shown in the following table:

(€'000)	Share capital	Retained earnings and consolidation reserves	Hedging reserve	Stock grant reserve	Translation reserve	Other reserves	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
Equity at 1 January 2012	**69,998**	**301,670**	**881**	**227**	**936**	**49,302**	**423,014**	**1,122**	**424,136**
Change in consolidation scope	-	82	-	-	680	-	762	(775)	**(13)**
Change in consolidation reserves	-	-	-	-	-	-	-	(2)	**(2)**
Net change in stock grant reserve	-	-	-	976	-	-	976	-	**976**
Other comprehensive income/(expense), net of taxes	-	(1,822)	1,761	-	3,691	686	4,316	41	**4,357**
Allocation of profit for the period to the legal reserve	-	-	-	-	-	-	-	-	**-**
Dividends	-	(28,000)	-	-	-	-	(28,000)	-	**(28,000)**
Net change in treasury shares	2	-	-	-	-	-	2	-	**2**
Other changes	-		-	-	-	-	-	-	**-**
Profit for the period ended 30 June 2012	-	29,792	-	-	-	-	29,792	(124)	**29,668**
Equity at 30 June 2012	**70,000**	**301,722**	**2,642**	**1,203**	**5,307**	**49,988**	**430,862**	**262**	**431,124**
Equity at 1 January 2013	**79,998**	**347,008**	**(5,101)**	**1,490**	**4,279**	**41,065**	**468,739**	**427**	**469,166**
Change in consolidation scope	-	(103)	-	-	-	-	(103)	-	**(103)**
Net change in stock grant reserve	-	-	-	1,821	-	-	1,821	-	**1,821**
Other comprehensive income/(expense), net of taxes	-	-	4,184	-	(4,685)	(45)	(546)	144	**(402)**
Other changes	2	2,150	-	(2)	-	(2,150)	-	-	**-**
Dividends	-	(28,800)	-	-	-	-	(28,800)	-	**(28,800)**
Net change in treasury shares	-	-	-	-	-	-	-	-	**-**
Changes in consolidation reserves	-	-	-	-	-	-	-	(2)	**(2)**
Profit for the period ended 30 June 2013	-	32,359	-	-	-	-	32,359	8	**32,367**
Equity at 30 June 2013	**80,000**	**352,614**	**(917)**	**3,309**	**(406)**	**38,870**	**473,470**	**577**	**474,047**

8 Notes to the condensed interim consolidated financial statements at 30 June 2013

8.1 General information

Ansaldo STS is a company limited by shares with its registered office in Via Paolo Mantovani 3-5, Genoa, and a branch in Via Argine 425, Naples. It has been listed on the Star segment of the stock exchange managed by Borsa Italiana S.p.A. since 29 March 2006 and included in the FTSE MIB index since 23 March 2009. Ansaldo STS S.p.A. is a subsidiary of Finmeccanica S.p.A., with its registered office in Piazza Monte Grappa 4, Rome, which manages and coordinates the company.

On 15 July 2013, as approved by the board of directors on 29 May 2013, the company carried out the fourth instalment of the bonus issue approved by the shareholders in their extraordinary meeting of 23 April 2010.
Following the issue of this fourth instalment, the company's share capital now equals €90,000,000, comprising 180,000,000 ordinary shares of a nominal amount of €0.50 each.

8.2 Basis of preparation

Ansaldo STS group's interim financial report at 30 June 2013 is drafted in accordance with article 154-*ter*.2 of Legislative decree no. 58/98 (the Consolidated Finance Act) and subsequent amendments and integrations. The condensed interim consolidated financial statements at 30 June 2013 included in this interim financial report are drafted in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and endorsed by the European Union pursuant to EC regulation no. 1606/2002, integrated by the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) applicable at such date. The acronym "IFRS" covers all the above standards and interpretations. Specifically, these financial statements have been drafted in accordance with IAS 34 "Interim Financial Reporting", issued by the International Accounting Standard Board (IASB) and are comprised of an income statement, a statement of comprehensive income, a statement of financial position, a statement of cash flows, a statement of changes in equity and the notes thereto.
As per IAS 34 "Interim financial reporting", the notes to the condensed interim consolidated financial statements do not include all disclosures required for annual financial statements, as they refer only to those items that are essential to understand the group's financial position, results of operations and cash flows given their amount, breakdown or changes therein. These condensed interim consolidated financial statements should, therefore, be read in conjunction with the 2012 annual consolidated financial statements.

The statement of financial position and the income statement are likewise presented in a condensed format compared to the annual consolidated financial statements. The notes include a reconciliation with annual consolidated financial statements for the items combined in the condensed interim consolidated financial statements.

The accounting policies used for the condensed interim consolidated financial statements are unchanged from those of the 2012 annual consolidated financial statements, except for those which apply specifically to interim financial statements and the interim financial report at 30 June 2012. As described in paragraph 8.2.1, the new standards which became effective as of 1 January 2013 had no significant effect on this interim financial report. Specifically, as detailed later on, starting from 1 January 2013, the group has adopted IAS 19 revised.

The condensed interim consolidated financial statements of Ansaldo STS group at 30 June 2013 were approved and authorised for publication by the board of directors in accordance with ruling legislation on 26 July 2013.

Amounts are shown in thousands of euros unless stated otherwise.

The condensed interim consolidated financial statements were reviewed by KPMG S.p.A..

8.2.1 Effects of amendments to the IFRS

The group has adopted the following new standards with effect from 1 January 2013.

- IAS 1 *Amendment* - Presentation of financial statements: as a result of this amendment, captions related to other comprehensive income are now broken down between those that can or cannot be reclassified to profit or loss;
- IFRS 7 *Amendment* - Financial instruments - Disclosures: this standard requires disclosure about the effects or the potential effects of offsetting financial assets against financial liabilities on the statement of financial position;
- IFRS 13 - Fair value measurement: it sets out in a single standard a framework for measuring fair value;
- IAS 19 *Amendment* - Employee benefits: this standard eliminates the use of the "corridor" approach and instead mandates recognition of all actuarial gains and losses in other comprehensive income, as already elected by the group. Moreover, past service cost must be recognised immediately. Finally, the interest cost, net of expected return on plan assets, was replaced with a net interest cost, calculated by applying the interest rate to the net liability. The retrospective application of the revised standard did not entail the restatement of the comparative figures shown in the financial statements as the group has no plan assets.

8.3 Consolidation scope

Basis and scope of consolidation

Ansaldo STS group's condensed interim consolidated financial statements at 30 June 2013 include the interim financial statements at 30 June 2013 of the companies/entities in the consolidation scope (the "consolidated entities") drafted pursuant to the IFRS applied by Ansaldo STS group. The consolidated entities are listed below, showing the group's related direct or indirect interest therein:

Companies consolidated on a line-by-line basis

NAME	INVESTMENT TYPE	REGISTERED OFFICE	SHARE CAPITAL (€'000)	CURRENCY	INVESTMENT %
ANSALDO STS AUSTRALIA PTY LTD	Direct	Eagle Farm (Australia)	5,026	AUD	100
ANSALDO STS SWEDEN AB	Direct	Solna (Sweden)	4,000	SEK	100
ANSALDO STS FINLAND OY (in liq.)	Indirect	Helsinki (Finland)	10	EUR	100
ANSALDO STS UK LTD	Direct	London (United Kingdom)	1,000	GBP	100
ANSALDO STS IRELAND LTD	Direct	Tralee (Ireland)	100	EUR	100
ACELEC Société par actions simplifiée	Indirect	Les Ulis (France)	168	EUR	100
ANSALDO STS ESPAÑA SA	Indirect	Madrid (Spain)	1,500	EUR	100
ANSALDO STS BEIJING LTD	Indirect	Beijing (China)	837	EUR	80
ANSALDO STS HONG KONG LTD	Indirect	Hong Kong (China)	100	HKD	100
ANSALDO STS FRANCE Société par actions simplifiée	Direct	Les Ulis (France)	5,000	EUR	100
UNION SWITCH & SIGNAL INC	Indirect	Greenville (Delaware USA)	1	USD	100
ANSALDO STS MALAYSIA SDN BHD	Indirect	Petaling Jaya (Malaysia)	3,000	MYR	100
ANSALDO STS CANADA INC	Indirect	Kingstone (Canada)	0	CAD	100
ANSALDO STS USA INC	Direct	Wilmington (Delaware USA)	0.001	USD	100
ANSALDO STS USA INTERNATIONAL CO	Indirect	Wilmington (Delaware USA)	1	USD	100
ANSALDO STS USA INT. PROJECTS CO	Indirect	Wilmington (Delaware USA)	25	USD	100
ANSALDO STS TRANSPORTATION SYSTEMS INDIA PVT LTD	Indirect	Bangalore (India)	3,012,915	INR	100
ANSALDO STS DEUTSCHLAND GMBH	Direct	Munich (Germany)	26	EUR	100
ANSALDO RAILWAY SYSTEM TRADING (BEIJING) Ltd	Direct	Beijing (China)	1,500	USD	100
ANSALDO STS-SINOSA RAIL SOLUTIONS SOUTH AFRICA (PTY) LTD	Indirect	Frankenwald (South Africa)	2	ZAR	51
ANSALDO STS SOUTHERN AFRICA PTY LTD	Indirect	Gaborone (Botswana)	0.1	BWP	100

Companies consolidated on a proportionate basis

NAME	INVESTMENT TYPE	REGISTERED OFFICE	SHARE CAPITAL (€'000)	CURRENCY	INVESTMENT %
BALFOUR BEATTY ANSALDO SYSTEMS JV SDN BHD	Indirect	Kuala Lumpur (Malaysia)	6,000	MYR	40
KAZAKHSTAN TZ-ANSALDO STS ITALY LLP[1]	Direct	Astana (Kazakhstan)	22,000	KZT	49

1. In its meeting of 26 June 2013, Ansaldo STS's board of directors approved the dissolution of the JV with JSC Remlokomotiv and authorised the early closure and liquidation of "Kazakhstan TZ-Ansaldo STS Italy LLP", which will take place in the second half of 2013. Based on the information available to directors, to date, the above transactions will not generate significant liabilities for Ansaldo STS group.

Companies measured using the equity method

NAME	INVESTMENT TYPE	REGISTERED OFFICE	SHARE CAPITAL (€'000)	CURRENCY	INVESTMENT %
ECOSEN CA (Venezuela)	Indirect	Caracas (Venezuela)	1,310	VBF	48
ALIFANA SCRL	Direct	Naples (Italy)	26	EUR	65.85
ALIFANA DUE SCARL	Direct	Naples (Italy)	26	EUR	53.34
PEGASO SCRL	Direct	Rome (Italy)	260	EUR	46.87
METRO 5 S.p.A.	Direct	Milan (Italy)	50,000	EUR	24.6
Metro Brescia S.r.l.	Direct	Brescia (Italy)	4,020	EUR	19.796
INTERNATIONAL METRO SERVICE S.r.l.	Direct	Milan (Italy)	700	EUR	49

During the period, no significant changes occurred in the consolidation scope.

Following the signing of a preliminary sale agreement between the subsidiary Ansaldo STS France S.A.S. and an independent party, the investment in Ecosen CA (Venezuela) was reclassified to non-current assets held for sale.

8.4 Exchange rates adopted

The following exchange rates were adopted to translate the foreign currency financial statements and balances for the reporting period and the corresponding period of the previous year:

	Spot rate at 30.06.2013	Average rate for the period ended 30.06.2013	**Spot rate at 30.06.2012**	Average rate for the period ended 30.06.2012
USD	1.30240	1.31272	1.24780	1.29698
CAD	1.36490	1.33390	1.27960	1.30421
GBP	0.84820	0.85076	0.79990	0.82266
HKD	10.10480	10.18517	9.68140	10.06586
SEK	8.76150	8.52866	8.82420	8.88121
AUD	1.40330	1.29528	1.23840	1.25609
INR	79.11000	72.28713	71.29300	67.59344
MYR	4.17800	4.04046	3.98050	4.00317
BRL	2.88280	2.66787	2.58500	2.41379
CNY	8.00650	8.12548	7.93300	8.19244
VEB	8,194.83000	7,549.00333	5,358.86000	4,956.23667
BWP	11.24150	10.77179	9.71522	9.64410
ZAR	13.16630	12.11574	10.46010	10.29291
KZT	197.47900	198.11832	186.28700	192.15450
JPY	127.33000	125.30702	99.49000	103.45603
AED	4.78372	4.82167	N/A	N/A
KRW	1,506.81000	1,450.38955	N/A	N/A

9 Segment reporting

Reference should be made to paragraph 2.4 of the directors' report for information on the indicators that management uses to assess the performance of the group.

The group operates in two business segments: via the **Signalling business unit**, in the above-ground railway and metro segment and, via the **Transportation Solutions business unit**, in the transportation systems segment. Reference should be made to the directors' report for a more in-depth analysis of the main programmes, outlook and revenue for each business unit.
The results of the business units for the reporting period, compared to those of the corresponding period of the previous year, are as follows:

Operating profit (loss) by business unit

First half of 2013 (€'000)	**Signalling**	**Transportation Solutions**	**Other activities**	**Eliminations**	**Total**
Revenue	343,149	255,759	-	(15,510)	**583,398**
Other operating income	3,461	4,278	14,312	(9,423)	**12,628**
External costs	(200,212)	(191,315)	11,054	16,038	**(364,435)**
Personnel expense	(108,301)	(39,567)	(14,777)	-	**(162,645)**
Other operating expense	(4,234)	(2,144)	(11,523)	9,424	**(8,477)**
Amortisation, depreciation and impairment losses	(3,997)	(794)	(3,087)	-	**(7,878)**
Operating profit (loss)	**29,866**	**26,217**	**(4,021)**	**529**	**52,591**

Operating profit (loss) by business unit

First half of 2012 (€'000)	Signalling	Transportation Solutions	Other activities	Eliminations	Total
Revenue	334,174	242,440	-	(8,128)	**568,486**
Other operating income	9,499	5,727	13,949	(8,885)	**20,290**
External costs	(193,906)	(184,599)	14,179	8,483	**(355,843)**
Personnel expense	(109,621)	(33,494)	(18,717)	(1)	**(161,833)**
Other operating expense	(1,671)	(1,429)	(15,077)	8,887	**(9,290)**
Amortisation, depreciation and impairment losses	(3,677)	(3,559)	(3,990)	-	**(11,226)**
Operating profit (loss)	**34,798**	**25,086**	**(9,656)**	**356**	**50,584**

Working capital by business unit

30.06.2013 (€'000)	**Signalling**	**Transportation Solutions**	**Other activities**	**Eliminations**	**Total**
Inventories	119,081	44,892	-	(27,613)	**136,360**
Work in progress, net of progress payments and advances from customers	(137,124)	(139,842)	-	27,613	**(249,352)**
Trade receivables	334,099	313,073	6,389	(67,169)	**586,392**
Trade payables	(187,290)	(297,921)	(9,883)	67,169	**(427,925)**
Provisions for risks and charges	(9,577)	(3,846)	(1,237)	-	**(14,660)**
Operating working capital	**119,189**	**(83,644)**	**(4,731)**	**-**	**30,815**
Other liabilities, net	-	-	(12,585)	-	**(12,585)**
Net working capital	**119,189**	**(83,644)**	**(17,316)**	**-**	**18,230**

Working capital by business unit

31.12.2012 (€'000)	Signalling	Transportation Solutions	Other activities	Eliminations	Total
Inventories	112,250	45,740	525	(26,931)	**131,584**
Work in progress, net of progress payments and advances from customers	(210,720)	(213,834)	-	26,931	**(397,624)**
Trade receivables	408,054	397,877	5,865	(63,049)	**748,747**
Trade payables	(195,121)	(355,042)	(13,449)	63,049	**(500,563)**
Provisions for risks and charges	(10,758)	(3,847)	(1,237)	-	**(15,842)**
Operating working capital	**103,705**	**(129,106)**	**(8,296)**	**-**	**(33,698)**
Other liabilities, net	-	-	(14,449)	-	**(14,449)**
Net working capital	**103,705**	**(129,106)**	**(22,745)**	**-**	**(48,147)**

10 Notes to the statement of financial position

10.1 Related party assets and liabilities

Related party trading transactions generally take place on an arm's length basis, as does the settlement of interest-bearing receivables and payables where not governed by specific contractual conditions. The relevant statement of financial position balances are shown below. The statement of cash flows presents the impact of related party transaction on cash flows.

Financial assets at 30.06.2013 (€'000)	Non-current loan assets	Other non-current financial assets	Current loan assets	Trade receivables	Other current financial assets	Total
Ultimate parent						
Finmeccanica S.p.A.	-	-	75,836	88	151	**76,075**
Subsidiaries						
Alifana S.c.r.l.	-	-	-	93	-	**93**
Alifana Due S.c.r.l.	-	-	-	170	-	**170**
Associates						
International Metro Service S.r.l.	-	-	-	2,116	-	**2,116**
Metro 5 S.C.P.A.	-	3,827	-	2,022	-	**5,849**
Metro Brescia S.r.l.	-	1,545	-	459	-	**2,004**
Metro Service A.S.	-	-	-	1,859	-	**1,859**
Metro 5 Lilla S.r.l.	-	-	-	21,534	9	**21,543**
Joint ventures (*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	170	-	**170**
Kazakhstan TZ-Ansaldo STS Italy LLP	-	1,225	-	6,793	-	**8,018**
Consortia						
Saturno consortium	-	-	-	6,090	1,361	**7,451**
Ascosa quattro consortium	-	-	-	1,157	-	**1,157**
Ferroviario Vesuviano consortium	-	-	-	14,113	-	**14,113**
San Giorgio Volla Due consortium	-	-	-	1,421	-	**1,421**
San Giorgio Volla consortium	-	-	-	1,625	4	**1,629**
MM4 consortium	-	182	-	179	-	**361**
Other group companies						
Ansaldo Energia S.p.A.	-	-	-	84	-	**84**
AnsaldoBreda S.p.A.	-	-	-	4,614	-	**4,614**
Selex Sistemi Integrati LTD	-	-	-	26	-	**26**
AnsaldoBreda España SLU	-	-	-	31	-	**31**
Selex ES S.p.A.	-	-	-	469	-	**469**
I.M. Intermetro S.p.A. (in liq.)	-	-	-	331	-	**331**
Other - MEF						
ENI Group	-	-	-	1,432	-	**1,432**
Ferrovie dello Stato group	-	3	-	34,418	-	**34,421**
Total	**-**	**6,782**	**75,836**	**101,294**	**1,525**	**185,437**
% of the total at the reporting date		**30%**	**61%**	**17%**	**3%**	

(*) Portion not eliminated on proportionate consolidation.

Financial assets at 31.12.2012 (€'000)

	Non-current loan assets	Other non-current financial assets	Current loan assets	Trade receivables	Other current financial assets	Total
Ultimate parent						
Finmeccanica S.p.A.	-	-	120,533	426	145	**121,104**
Subsidiaries						
Alifana S.c.r.l.	-	-	-	123	-	**123**
Alifana Due S.c.r.l.	-	-	-	167	-	**167**
Associates						
International Metro Service S.r.l.	-	-	-	2,112	-	**2,112**
Metro 5 S.p.A.	-	3,828	-	8,800	-	**12,628**
Pegaso S.c.r.l. (in Liq.)	-	-	-	-	-	**-**
Metro Service A.S.	-	-	-	1,892	-	**1,892**
Metro 5 Lilla S.r.l.	-	-	-	28,473	-	**28,473**
Metro Brescia S.r.l.	-	1,545	-	196	-	**1,741**
Joint ventures (*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	6,010	-	**6,010**
Kazakhstan TZ-Ansaldo STS Italy LLP	-	1,224	-	1,928	-	**3,152**
Consortia						
Saturno consortium	-	-	-	3,640	1,360	**5,000**
Ascosa Quattro consortium	-	-	-	1,157	-	**1,157**
Ferroviario Vesuviano consortium	-	-	-	14,113	-	**14,113**
MM4 consortium	-	182	-	245	-	**427**
San Giorgio Volla Due consortium	-	-	-	1,625	5	**1,630**
San Giorgio Volla consortium	-	-	-	1,421	-	**1,421**
Other group companies						
AnsaldoBreda S.p.A.	-	-	-	4,896	3	**4,899**
Selex Elsag S.p.A.	-	-	-	509	-	**509**
Selex Sistemi Integrati S.p.A.	-	-	-	-	42	**42**
Ansaldo Energia S.p.A.	-	-	-	53	-	**53**
Selex Galileo S.p.A.	-	-	-	13	-	**13**
I.M. Intermetro S.p.A. (in liq.)	-	-	-	331	-	**331**
Other - MEF						
Ferrovie dello Stato group	-	-	-	86,880	-	**86,880**
Eni group	-	-	-	3,956	-	**3,956**
Enel group	-	-	-	-	-	**-**
Total	**-**	**6,779**	**120,533**	**168,966**	**1,555**	**297,833**
% of the total at the reporting date	**-**	**30%**	**69%**	**23%**	**3%**	**-**

(*) Portion not eliminated on proportionate consolidation.

Financial liabilities at 30.06.2013 (€'000)	Non-current loans and borrowings	Other non-current financial liabilities	Current loans and borrowings	Trade payables	Other current financial liabilities	Total
Ultimate parent						
Finmeccanica Sede S.p.A.	-	-	-	35	-	**35**
Subsidiaries						
Alifana S.c.r.l.	-	-	-	82	3	**85**
Alifana Due S.c.r.l.	-	-	-	87	-	**87**
Associates						
Metro Service A.S.	-	-	-	7,505	-	**7,505**
Metro 5 S.p.A.	-	-	-	26	-	**26**
Pegaso S.c.r.l.	-	-	-	-	-	**-**
Consortia						
Saturno consortium	-	-	-	542	-	**542**
Ascosa quattro consortium	-	-	-	46	8	**54**
Team consortium	-	-	-	-	-	**-**
San Giorgio Volla consortium	-	-	-	9	8	**17**
San Giorgio Volla 2 consortium	-	-	-	74	-	**74**
Ferroviario Vesuviano consortium	-	-	-	393	8	**401**
Sesm S.c.a.r.l. consortium	-	-	-	-	-	**-**
Cris consortium	-	-	-	1	-	**1**
Cesit consortium	-	-	-	12	-	**12**
Other group companies						
Finmeccanica Group Service S.p.A.	-	-	-	303	-	**303**
AnsaldoBreda S.p.A	-	-	-	893	-	**893**
Selex ES S.p.A.	-	-	-	39,025	-	**39,025**
Fata Logistic System S.p.A.	-	-	-	556	-	**556**
Fata S.p.A.	-	-	-	54	-	**54**
E-Geos S.p.A.	-	-	-	8	-	**8**
MetroB S.r.l.	-	-	-	-	370	**370**
Other - MEF						
ENEL group	-	-	-	8	-	**8**
ENI group	-	-	-	7	-	**7**
Ferrovie dello Stato group	-	-	-	592	-	**592**
Total	**-**	**-**	**-**	**50,258**	**397**	**50,655**
% of the total at the reporting date	**-**	**-**	**-**	**12%**	**0.4%**	**-**

(*) Portion not eliminated on proportionate consolidation.

Financial liabilities at 31.12.2012 (€'000)	Non-current loans and borrowings	Other non-current financial liabilities	Current loans and borrowings	Trade payables	Other current financial liabilities	Total
Ultimate parent						
Finmeccanica Sede S.p.A.	-	-	-	281	-	**281**
Subsidiaries						
Alifana S.c.r.l.	-	-	-	104	3	**107**
Alifana Due S.c.r.l.	-	-	-	157	-	**157**
Associates						
International Metro Service S.r.l	-	-	-	-	-	**-**
Metro Service A.S.	-	-	-	10,441	-	**10,441**
Metro 5 S.p.A.	-	-	-	114	-	**114**
Pegaso S.c.r.l.	-	-	-	18	-	**18**
Joint ventures (*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	-	-	**-**
Kazakhstan TZ-Ansaldo STS Italy LLP	-	-	-	-	-	**-**
Consortia						
Saturno consortium	-	-	-	483	-	**483**
Ascosa Quattro consortium	-	-	-	45	8	**53**
Team consortium	-	-	-	-	-	**-**
San Giorgio Volla Due consortium	-	-	-	92	-	**92**
Ferroviario Vesuviano consortium	-	-	-	363	8	**371**
San Giorgio Volla consortium	-	-	-	6	8	**14**
MM4 consortium	-	-	-	200	-	**200**
Cesit consortium	-	-	-	24	-	**24**
Cris consortium	-	-	-	1	-	**1**
Other group companies						
Finmeccanica Group Service S.p.A.	-	-	-	573	-	**573**
AnsaldoBreda S.p.A.	-	-	-	3,377	-	**3,377**
Selex Elsag S.p.A.	-	-	-	40,331	-	**40,331**
Finmeccanica North America Inc.	-	-	-	50	-	**50**
Fata Logistic System S.p.A.	-	-	-	216	-	**216**
Fata S.p.A.	-	-	-	65	-	**65**
Electron Italia S.r.l.	-	-	-	24	-	**24**
MetroB S.r.l.	-	-	-	-	370	**370**
E-Geos S.p.A.	-	-	-	73	-	**73**
Other - MEF						
Ferrovie dello Stato group	-	-	-	1,695	-	**1,695**
Eni group	-	-	-	8	-	**8**
Enel group	-	-	-	-	-	**-**
Total	**-**	**-**	**-**	**58,741**	**397**	**59,138**
% of the total at the reporting date				**12%**	**0.4%**	

(*) Portion not eliminated on proportionate consolidation.

10.2 Intangible assets

(€'000)	Goodwill	Other development expense	Patent and similar rights	Concessions, licences and trademarks	Assets under development	Other	Total
At 31 December 2012	**34,569**	**293**	**10,116**	**498**	**2,026**	**3,560**	**51,062**
Change in the consolidation scope	-	-	-	-	-	-	-
Acquisitions	-	-	49	171	284	152	656
Capitalisations	-	-	-	-	916	-	916
Sales/disposals	-	-	-	-	-	(1)	(1)
Amortisation and impairment losses	-	(78)	(1,297)	(236)	-	(986)	(2,597)
Opening net exchange rate gains/ (losses)/closing rate	-	-	-	-	2	(45)	(43)
Closing net exchange rate gains/ average rate	-	-	-	-	-	8	8
Transfer from assets under development	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	(284)	284	-
At 31 June 2013	**34,569**	**215**	**8,868**	**433**	**2,944**	**2,972**	**50,001**

Acquisitions of the period amount to €656 thousand and mainly relate to the parent, Ansaldo STS S.p.A.. Of this amount, €342 thousand refers to the purchase of software, licences and trademarks and assets under development, while €314 thousand to acquisitions made by Ansaldo STS France S.A.S., Ansaldo STS USA Inc. and Ansaldo STS Australia PTY LTD. With respect to assets under development, internal work capitalised during the period amounts to €916 thousand, of which €877 thousand refers to the parent, Ansaldo STS S.p.A., specifically the "Satellite and Rail Telecom" project to develop satellite technologies for new railway signalling systems. This project is co-financed by the European Space Agency and the Galileo Supervisory Authority.

Amortisation for the period amounted to €2,597 thousand, in line with the same period of the previous year (€2,599 thousand).

In line with group procedures, impairment testing takes place at the time the annual financial statements are prepared unless there is an indication that an impairment loss may have taken place.
There was no such indication during the first half of 2013.

10.3 Property, plant and equipment

(€'000)	Land and buildings	Plant and machinery	Equipment	Assets under construction	Other assets	Leased assets	Total
At 31 December 2012	**64,121**	**8,290**	**6,349**	**2,194**	**10,145**	**-**	**91,099**
Acquisitions	-	399	587	1,486	1,191	-	3,663
Capitalisations	-	-	-	145	-	-	146
Sales	-	-	(1)	-	-	-	(1)
Depreciation and impairment losses	(1,152)	(1,162)	(917)	-	(1,776)	-	(5,007)
Opening net exchange rate gains (losses)/closing rate	19	68	8	18	(211)	-	(98)
Closing net exchange rate gains (losses)/average rate	-	(5)	(1)	3	16	-	12
Transfer from assets under construction	-	-	-	-	-	-	-
Reclassifications	73	306	131	(687)	178	-	1
At 30 June 2013	**63,061**	**7,896**	**6,156**	**3,159**	**9,543**	**-**	**89,815**

Acquisitions of the period amount to €3,663 thousand and mainly related to the parent, Ansaldo STS S.p.A., and the subsidiary, Ansaldo STS USA Inc, for the purchase of assets for the maintenance of production equipment.

Depreciation for the period amounted to €5,007 thousand.

10.4 Equity investments

Equity investments in unconsolidated companies measured at cost: (€'000)

At 31 December 2012	**22,726**
Acquisitions/subscriptions and capital increases	37
At 30 June 2013	**22,763**
Equity-accounted investments	**15,617**
Total equity investments	**38,380**

List of the investees of the parent, Ansaldo STS S.p.A., in thousands of euros:

Name	Investment %	Total assets	Total liabilities	Year	Currency	€'000
Metro 5 S.p.A. (**)	24.60%	301,072	248,340	1	Euro	12,289
International Metro Service S.r.l. (**)	49.00%	10,425	5,570	1	Euro	2,379
Pegaso S.c.r.l. (in Liq.) (**)	46.87%	6,183	5,923	2	Euro	122
Alifana S.c.a.r.l. (**)	65.85%	652	626	1	Euro	17
Alifana Due S.c.r.l. (**)	53.34%	1,088	1,062	1	Euro	14
Metro Brescia S.r.l. (**)	19.80%	4,803	4,302	1	Euro	796
Total equity-accounted investments						**15,617**
Metro C S.c.p.A.	14.00%	505,584	356,066	1	Euro	21,000
I.M. Intermetro S.p.A. (in liq.)	16.67%	161,227	158,573	1	Euro	523
Società Tram di Firenze S.p.A.	3.80%	84,783	77,700	1	Euro	266
Iricav uno Consortium	17.44%	3,469,206	3,468,686	2	Euro	91
Iricav due Consortium	17.05%	60,838	60,322	1	Euro	88
Ferroviario vesuviano Consortium	25.00%	236,344	236,189	2	Euro	39
S. Giorgio Volla Consortium	25.00%	6,174	6,102	1	Euro	18
S. Giorgio Volla 2 Consortium	25.00%	51,022	50,950	1	Euro	18
Cris Consortium	1.00%	3,821	1,376	2	Euro	24
Ascosa Quattro Consortium	25.00%	61,697	61,640	2	Euro	14
Siit S.c.p.a	2.30%	1,879	1,273	1	Euro	14
Cesit Consortium	25.00%	139	56	1	Euro	21
Saturno Consortium	33.34%	2,362,270	2,362,239	1	Euro	10
Train Consortium	4.55%	33,231	32,051	1	Euro	6
Sesamo S.c.a.r.l.	2.00%	942	842	2	Euro	2
Isict Consortium	11.10%	393	349	1	Euro	4
Cosila Consortium	0.92%	163	49	2	Euro	1
MM4 Consortium	18.20%	20,442	20,242	1	Euro	36
Radiolabs Consortium	25.00%	1,577	1,412	1	Euro	52
MetroB S.r.l.	2.47%	19,474	62	1	Euro	494
D.I.T.S. Development & Innovation in Transportation Systems S.r.l.	12.00%	n.a.	n.a.	n.a.	Euro	5
M4 S.c.p.a.	16.00%	n.a.	n.a.	n.a.	Euro	19
Dattilo S.c.a.r.l.	14.00%	n.a.	n.a.	n.a.	Euro	14
Top-In S.c.a.r.l.	5.71%	n.a.	n.a.	n.a.	Euro	4
Total equity investments recognised at cost						**22,763**
Total equity investments						**38,380**

(**) Equity-accounted investees
1. 2012 figures
2. 2011 figures

Equity investments at period end amounted to €38,380 thousand, of which €15,617 thousand was measured using the equity method and €22,763 thousand at cost. The €37 thousand change on the previous period, which relates to equity investments measured at cost, is mainly due to the subscription of the equity investment in M4 (€19 thousand), Dattilo S.c.a.r.l. (€14 thousand) and Top-In S.c.a.r.l. (€4 thousand). Equity-accounted investments rose by €608 thousand on 31 December 2012 (€15,009 thousand), mainly as a consequence of the subscription of the equity investment in Metro Brescia S.r.l. (€594 thousand).

10.5 Loans and receivables and other non-current assets

(€'000)	**30.06.2013**	31.12.2012
Guarantee deposits	1,905	1,946
Other	13,901	13,620
Non-current related party loans and receivables	6,782	6,779
Non-current loans and receivables	**22,588**	**22,345**
Other prepayments	23,459	24,628
Other non-current assets	**23,459**	**24,628**

Non-current loans and receivables at 30 June 2013 amounted to €22,588 thousand. They mainly related to the "Pittsburgh facilities lease" of the American subsidiary, Ansaldo STS USA Inc., and guarantee deposits of Ansaldo STS S.p.A. and foreign subsidiaries.
Other non-current assets amount to €23,459 thousand and mainly relate to the non-current portion of deferred costs for the licence to use the "Ansaldo" trademark for a 20-year period.
With reference to the trademark, Ansaldo STS S.p.A. agreed a contract with Finmeccanica S.p.A. on 27 December 2005 allowing the latter to use the "Ansaldo" trademark on the market. Against the advance payment of royalties, this contract gives Finmeccanica the exclusive right to use this trademark until 27 December 2025 within the group's business segments.
The €1,169 thousand decrease in other non-current assets is mainly attributable to the transfer of the portion of deferred costs for the licence to use the "Ansaldo" trademark, from non-current to current assets.

10.6 Inventories

(€'000)	**30.06.2013**	31.12.2012
Raw materials, consumables and supplies	29,494	24,892
Work-in-progress and semi-finished products	19,332	17,980
Finished goods	11,589	11,104
Advances to suppliers	75,945	77,608
Total	**136,360**	**131,584**

They are shown net of the relevant allowance of €5,912 thousand (31 December 2012: €6,953 thousand). The increase of the period is mainly due to the rise in the raw materials, consumables and supplies of Ansaldo STS France S.A.S. and Ansaldo STS Sweden A.B..

10.7 Work in progress and progress payments and advances from customers

(€'000)	30.06.2013	31.12.2012
Advances from customers	(51,138)	(40,036)
Progress payments	(1,819,096)	(1,572,751)
Work in progress	2,292,998	1,934,916
Provision for expected losses to complete contracts	(9,127)	(9,033)
Work in progress (net)	**413,637**	**313,096**
Advances from customers	(372,926)	(390,371)
Progress payments	(3,355,951)	(3,500,233)
Work in progress	3,068,976	3,184,132
Provision for expected losses to complete contracts	(3,088)	(4,248)
Progress payments and advances from customers (net)	**(662,989)**	**(710,720)**
Work in progress, net of progress payments and advances from customers	**(249,352)**	**(397,624)**

Work in progress is recognised under assets when a contract-by-contract analysis shows the gross amount of work in progress is higher than progress payments and advances from customers, or under liabilities if progress payments and advances from customers exceed the related work in progress.
The overall net amount increased €148,272 thousand, mainly due to the higher amount of production compared to progress billing. Work in progress is recognised net of the relevant allowance.
The net balance of work in progress and progress payments and advances from customers includes net advances of €182,797 thousand related to the contracts in Libya, which are currently halted.

10.8 Trade receivables and loan assets

	30.06.2013		31.12.2012	
(€'000)	Trade receivables	Loan assets	Trade receivables	Loan assets
Third parties	485,098	48,484	579,781	52,987
Total third parties	**485,098**	**48,484**	**579,781**	**52,987**
Related parties	101,294	75,836	168,966	120,533
Total	**586,392**	**124,320**	**748,747**	**173,520**

Third party trade receivables amounted to €485,098 thousand at 30 June 2013, down €94,683 thousand over 31 December 2012 (€579,781 thousand). The decrease is mainly due to the parent following the considerable collections of the outstanding receivables due from the Naples Municipality.
Related party trade receivables fell €67,672 thousand mainly as a result of the amounts due from Metro 5 S.c.p.A. and Ferrovie dello Stato S.p.A. following completion of the relevant activities.
Third party loan assets at 30 June 2013 amounted to €48,484 thousand and mainly comprise: the euro equivalent amount of the Libyan dinar advance on the first of the parent's two contracts in Lybia and deposited in a local bank (€28,443 thousand); deposits made by the subsidiaries Ansaldo STS Malaysia SDN BHD and Balfour Beatty Ansaldo Systems JV SDN BHD with local banks, used to manage temporary cash surplus at period end (€20,035 thousand).
Related party loan assets amount to €75,836 thousand and are down €44,697 thousand from 31 December 2012. They relate to positions with Finmeccanica S.p.A..
With respect to CONSOB communication no. DAC/RM/97003369 of 9 April 1997, we note that, during the period, the group did not factor receivables either with or without recourse.

10.9 Financial assets measured at fair value through profit or loss

At 30 June 2013, there were no financial assets measured at fair value through profit or loss.

10.10 Tax assets and liabilities

(€'000)	30.06.2013 Assets	30.06.2013 Liabilities	31.12.2012 Assets	31.12.2012 Liabilities
Direct taxes	25,434	6,654	25,081	5,727
Total	**25,434**	**6,654**	**25,081**	**5,727**

Direct tax assets amount to €25,434 thousand, substantially in with the same period of the previous year. They include a tax asset recognised by the parent in December 2012 in connection with the application for refund pursuant to article 2.1-*quater* of Decree Law no. 201/2011, related to the smaller IRES due for the 2007-2011 period as a result of the IRAP deductibility on personnel expense (€3,555 thousand).
Direct tax assets relate to the parent, Ansaldo STS S.p.A., (€13,458 thousand), Ansaldo STS France S.A.S (€10,094 thousand), the Australian group companies (€927 thousand) and the US group companies (€893 thousand).
Direct tax liabilities amount to €6,654 thousand, up €927 thousand on the €5,727 thousand at 31 December 2012. The increase on the previous year, which is mainly due to Ansaldo STS Australia PTY LTD, was offset by the reduction recorded by Ansaldo STS Sweden AB.

10.11 Other current assets

(€'000)	30.06.2013	31.12.2012
Prepayments - current portion	9,635	12,329
Research grants	11,184	10,302
Employees	1,246	1,045
Social security institutions	75	61
Guarantee deposits	-	-
Indirect and other tax assets	23,784	19,430
Other financial assets	10,220	12,339
Total other current financial assets	**56,144**	**55,506**
Related parties	1,525	1,555
Total	**57,669**	**57,061**

Other current assets amount to €57,669 thousand and are substantially in line with the €57,061 thousand at 31 December 2012.
"Prepayments – current portion" mainly relate to the early payment of insurance premiums.

10.12 Cash and cash equivalents

(€'000)	**30.06.2013**	31.12.2012
Cash-in-hand	159	80
Bank accounts	118,435	146,757
Total	**118,594**	**146,837**

Cash and cash equivalents amounted to €118,594 thousand at 30 June 2013, down €28,243 thousand, due mainly to the lower cash and cash equivalents of the parent, Ansaldo STS S.p.A..
Reference should be made to paragraph 2.3 for a discussion of the changes in the group's financial position.

10.13 Share capital

		in euros		
	No. of shares	**Nominal amount**	**Treasury shares**	**Total**
Outstanding shares	140,000,000	70,000,000	(1,825)	69,998,175
Bonus issue as resolved by the shareholders in their extraordinary meeting of 23 April 2010	20,000,000	10,000,000	-	10,000,000
Use of treasury shares for SGP			133	133
31 December 2012	**160,000,000**	**80,000,000**	**(1,692)**	**79,998,308**
Use of treasury shares	-	-	1,316	1,316
30 June 2013	**160,000,000**	**80,000,000**	**(376)**	**79,999,624**

The fully subscribed and paid up share capital equals €80,000,000.00 and is divided into 160,000,000 ordinary shares with a nominal amount of €0.50 each. Use of treasury shares related to the delivery of the remaining shares under the Stock grant plan for 2012, which took place at the beginning of 2013.

10.14 Retained earnings

Retained earnings: (€'000)

At 31 December 2012	**347,008**
Profit for the year	32,359
Dividends	(28,800)
Changes in the consolidation scope	(103)
Other changes	2,150
At 30 June 2013	**352,614**

At 30 June 2013, retained earnings, including profit for the period and consolidation reserves, amounted to €352,614 thousand. The €5,606 thousand increase is mainly due to the profit for the period of €32,359 thousand and the dividend distribution of €28,800 thousand. The €103 thousand decrease in the consolidation scope is due to the change in Ansaldo STS group's majority investment in Metro Brescia S.r.l. which went from 40.4% to 19.769% following the entry of the government in its quotaholding structure.

10.15 Other reserves

(€'000)	Legal reserve	Reserve for legal reserve adjustments	Hedging reserve	Stock grant reserve	Deferred tax reserve	Translation reserve	Other	Total
31 December 2012	**16,000**	**4,000**	**(5,101)**	**1,490**	**1,309**	**4,279**	**19,756**	**41,733**
Transfers to profit or loss	-	-	(946)	-	-	-	-	**(946)**
Net exchange rate gains (losses)	-	-	-	-	-	(4,685)	-	**(4,685)**
Increase/decrease	-	-	-	1,821	-	-	(8)	**1,813**
Net fair value gains (losses)	-	-	5,130	-	(37)	-	-	**5,093**
Reclassifications	-	-	-	-	-	-	-	**-**
Other changes	-	-	-	(2)	-	-	(2,150)	**(2,152)**
30 June 2013	**16,000**	**4,000**	**(917)**	**3,309**	**1,272**	**(406)**	**17,598**	**40,856**

Legal reserve
The legal reserve amounts to €16,000 thousand and did not change during the reporting period.

Reserve for legal reserve adjustments
This reserve amounts to €4,000 thousand and did not change during the reporting period. In their extraordinary meeting of 23 April 2010, the shareholders approved a bonus issue of €50,000 thousand, to be carried out in five equal annual instalments. To maintain the legal reserve at 20% of the share capital, it was decided to set up a reserve for legal reserve adjustments, which would automatically adjust the legal reserve when the bonus issue takes effect.

Hedging reserve
This reserve comprises the fair value gains or losses on the derivatives the group uses to hedge its foreign currency exposure, net of deferred tax effects, until such time as the hedged underlying affects profit or loss. When this takes place, the reserve is reclassified to profit or loss to offset the effects of the hedged transaction.

Stock grant reserve
The stock grant reserve equals €3,309 thousand, up €1,819 thousand over 31 December 2012 due to accruals of the period.

Deferred tax reserve

The deferred tax reserve equalled €1,272 thousand and changed in relation to the recognition of deferred taxation generated by: actuarial gains (losses) following the adoption of the equity method for defined benefit plans and fair value gains and losses on hedging transactions.

Translation reserve

This reserve is used to recognise the exchange rate gains and losses generated by the translation of the financial statements of consolidated companies. The largest amounts are generated by the consolidation of the American and Asia Pacific subsidiaries.

Other

Other reserves relate to the capital injection received on 23 February 2006 from the ultimate parent, Finmeccanica S.p.A., the revaluation reserves, the reserve for defined benefit plans and the reserves set up following the parent's awarding of research grants. In 2012, following the third instalment of the bonus issue, €10,000 thousand of the capital injection was used as approved by the shareholders in their meeting convened to approve the 2009 financial statements and the bonus issue.

10.16 Equity attributable to non-controlling interests

Equity attributable to non-controlling interests: (€'000)

At 31 December 2012	**427**
Profit for the period attributable to non-controlling interests	8
Consolidation reserve attributable to non-controlling interests	(2)
Translation reserve attributable to non-controlling interests	144
At 30 June 2013	**577**

Equity attributable to non-controlling interests relates to Ansaldo STS Beijing LTD (20%) and Ansaldo STS Sinosa Rail Solutions South Africa PTY (LTD) (51%).

10.17 Loans and borrowings

	30.06.2013			31.12.2012		
(€'000)	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Bank loans and borrowings	1,195	-	1,195	18,188	-	18,188
Other loans and borrowings	-	-	-	187	-	187
Total	**1,195**	**-**	**1,195**	**18,375**	**-**	**18,375**

Changes of the period are as follows:

(€'000)	31.12.2012	**Increases**	**Decreases**	**Reclassifications**	**Other changes**	**30.06.2013**
Bank loans and borrowings	18,188	1,491	(18,484)	-	-	1,195
Other loans and borrowings	187	-	(187)	-	-	-
Total	**18,375**	**1,491**	**(18,671)**	**-**	**-**	**1,195**

Bank loans and borrowings

Bank loans and borrowings of €1,195 thousand fell considerably by €16,993 thousand mainly as a consequence of the repayments made by the Indian subsidiary during the period.

Financial position

The repayment schedule and exposure to interest rate fluctuations for group financial liabilities are as follows:

	Bank loans and borrowings		**Other**		**Total**	
30 June 2013 (€'000)	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**
Within one year	1,195	-	-	-	1,195	-
Total	**1,195**	**-**	**-**	**-**	**1,195**	**-**

	Bank loans and borrowings		Other		Total	
31 December 2012 (€'000)	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate
Within one year	17,919	269	18	169	17,937	438
Total	**17,919**	**269**	**18**	**169**	**17,937**	**438**

The following disclosure is presented in accordance with the format required by CONSOB communication no. DEM/6064293 of 28 July 2006:

	(€'000)	**30.06.2013**	31.12.2012
A	Cash-in-hand	159	80
B	Other cash and cash equivalents (bank current accounts)	118,435	146,757
C	Securities held for trading	-	-
D	**CASH AND CASH EQUIVALENTS (A+B+C)**	**118,594**	**146,837**
E	**CURRENT LOAN ASSETS**	**124,320**	**173,520**
F	Current bank loans and borrowings	1,195	18,188
G	Current portion of non-current loans and borrowings	-	-
H	Other current loans and borrowings	-	187
I	**CURRENT FINANCIAL DEBT (F+G+H)**	**1,195**	**18,375**
J	**NET CURRENT FINANCIAL POSITION (I-E-D)**	**(241,719)**	**(301,982)**
K	Non-current bank loans and borrowings	-	-
L	Bonds issued	-	-
M	Other non-current financial liabilities	-	-
N	**NON-CURRENT FINANCIAL DEBT/(POSITION) (K+L+M)**	**-**	**-**
O	**NET FINANCIAL POSITION (J+N)**	**(241,719)**	**(301,982)**

10.18 Provisions for risks and charges and contingent liabilities - current

(€'000)	Product warranties	Disputes with employees	Restructuring	Other	Total
At 31 December 2012	**9,408**	**519**	**455**	**5,460**	**15,842**
Accruals	298	-	-	19	317
Releases	(44)	-	-	(167)	(211)
Utilisation	(1,029)	-	(233)	-	(1,262)
Other changes	(4)	-	-	(22)	(26)
At 30 June 2013	**8,629**	**519**	**222**	**5,290**	**14,660**
Current	9,408	519	455	5,460	15,842
Non-current	-	-	-	-	-
At 31 December 2012	**9,408**	**519**	**455**	**5,460**	**15,842**
Current	8,629	519	222	5,290	14,660
Non-current	-	-	-	-	-
At 30 June 2013	**8,629**	**519**	**222**	**5,290**	**14,660**

In relation to the provisions for risks, the activities of the Ansaldo STS group companies relate to business units and markets where disputes are generally only settled after a significant time lapse, especially in cases where the counterparty is a public body.
Based on current information, specific provisions have not been set aside for the various disputes in which the group is defendant as they are expected to be resolved satisfactorily and without significantly impacting results.
Provisions have been made for risks that are probable and for which the amount can be determined.

Specifically, the provisions for risks amounted to €14,660 thousand at 30 June 2013, down €1,182 thousand over 31 December 2012.

There were no particular changes in disputes from that described in the 2012 annual financial statements.

10.19 Employee benefits

The amount of and changes in post-employment benefits and the defined benefit plans are as follows:

(€'000)	**30.06.2013**	31.12.2012
Italian post-employment benefits	19,053	19,263
Defined benefit pension plans	11,768	11,461
Total	**30,821**	**30,724**

	Italian post-employment benefits		Defined benefit plans	
(€'000)	**30.06.2013**	31.12.2012	**30.06.2013**	31.12.2012
Present value of obligations	19,053	19,263	11,768	11,461
Total	**19,053**	**19,263**	**11,768**	**11,461**

(€'000)	Italian post-employment benefits	Defined benefit plans
At 31 December 2012	**19,263**	**11,461**
Current costs	365	439
Benefits paid	(582)	(134)
Other changes	(1)	2
Actuarial gains taken to equity	8	-
At 30 June 2013	**19,053**	**11,768**

The amount recognised in the income statement is as follows:

(€'000)	Italian post-employment benefits		Defined benefit plans	
	30.06.2013	30.06.2012	**30.06.2013**	30.06.2012
Current service costs	120	117	259	257
Interest expense	245	385	180	225
Total	**365**	**502**	**439**	**482**

The following main actuarial assumptions were used:

	Italian post-employment benefits		Defined benefit plans	
	30.06.2013	30.06.2012	**30.06.2013**	30.06.2012
Discount rate (p.a.)	2.6%	3.1%	3.0%	3.0%
Salary increase rate	N.A.	N.A.	2.5%	2.5%
Turnover rate	4.4% - 9.2%	4.4% - 9.2%	3.5%	3.5%

10.20 Other current and non-current liabilities

(€'000)	**30.06.2013**		31.12.2012	
	Current	**Non-current**	Current	Non-current
Employees	35,537	6,082	30,314	6,199
Indirect and other tax liabilities	15,455	-	17,962	-
Amounts due to social security institutions	14,144	-	13,567	-
Deferred income	680	-	-	-
Other	23,719	3,819	29,143	4,640
Total other third party liabilities	**89,535**	**9,901**	**90,986**	**10,839**
Other related party liabilities	397	-	397	-
Total	**89,932**	**9,901**	**91,383**	**10,839**

Other current and non-current third party liabilities amount to €99,436 thousand, down €2,389 thousand on 31 December 2012. The decrease is mainly due to the change in other liabilities which was partly offset by liabilities to employees for accruals for short-term deferred remuneration.

10.21 Trade payables

(€'000)	**30.06.2013**	31.12.2012
Trade payables	377,667	441,822
Total trade payables	**377,667**	**441,822**
Related party trade payables	50,258	58,741
Total	**427,925**	**500,563**

Total trade payables decreased €72,638 thousand over 31 December 2012, due to changes of the period and the decrease in trade receivables.

There are no trade payables due after five years.

10.22 Derivatives

Derivative assets and liabilities may be analysed as follows.

	30.06.2013		31.12.2012	
(€'000)	**Assets**	**Liabilities**	Assets	Liabilities
Trading	-	-	-	-
Fair value hedges	2,310	2,088	3,155	270
Cash flow hedges	4,052	3,376	1,472	3,838
Currency hedges	**6,362**	**5,464**	**4,627**	**4,108**

Derivative assets increased €1,735 thousand, due mainly to positions of the American subsidiary, Ansaldo STS USA Inc, and the Asia Pacific subsidiaries.
The €1,356 thousand fair value gain on derivative liabilities is mainly due to cash flow hedges of the parent, Ansaldo STS S.p.A., related to a project in Abu Dhabi (United Arab Emirates).
Reference should be made to paragraph 14 Financial risk management for information on the notional amounts of the derivatives outstanding at 30 June 2013.

Fair value measurement

Ansaldo STS Group does not hold listed derivative instruments at 30 June 2013. The fair value of unlisted derivatives is measured using financial valuation techniques. Specifically, the fair value of currency forwards is determined on the basis of market rates at the reporting date and the exchange rate spreads between the relevant currencies. The fair value of swaps is calculated discounting the future cash flows at market rates.

Although it is exposed to the risk of fluctuations in interest rates, the group does not hedge interest rate risk.

10.23 Guarantees and other commitments

Leases

The group is party to certain operating leases, mainly for use of property, plant and equipment. Minimum future repayments are as follows:

(€'000)	**Operating leases**	**Finance leases**
Within one year	4,373	-
Between two and five years	10,069	-
After five years	4,471	-
	18,913	**-**

Guarantees

The group has the following guarantees at 30 June 2013:

	UNSECURED GUARANTEES AT 30.06.2013		
Direct guarantees and hold harmless agreements for guarantees issued by third parties in the interest of the group to customers and other third parties (€'000)	**Signalling business unit**	**Transportation Solutions business unit**	**Total**
Personal guarantees issued by Finmeccanica (parent guarantees) and Finmeccanica Finance S.A. (advance payment bonds, performance bonds and retention money bonds) to customers for trading transactions	-	456,395	**456,395**
Personal guarantees issued by Ansaldo STS (parent guarantees) to customers for trading transactions	799,204	-	**799,204**
Sureties and bonds (advance payment bonds, performance bonds, bid bonds and retention bonds) issued by banks or insurance companies to customers for trading transactions	945,044	1,425,226	**2,370,270**
of which, counter-guaranteed by Finmeccanica	*26,836*	*580,115*	**606,951**
of which, counter-guaranteed by Ansaldo STS	*269,505*	-	**269,505**
Direct and other guarantees issued by Finmeccanica and Ansaldo STS, banks or insurance companies to other third parties for NON-contractual/trading guarantees (financial transactions and tax)	6,546	7,973	**14,519**
of which, issued or counter-guaranteed by Finmeccanica	-	*7,973*	**7,973**
of which, issued or counter-guaranteed by Ansaldo STS	*6,546*	-	**6,546**
Total	**1,750,794**	**1,889,594**	**3,640,388**

11 Notes to the income statement

11.1 Impact of related party transactions on profit or loss

First half of 2013 (€'000)	Revenue	Other operating income	Costs	Financial income	Financial expense	Other operating expense
Ultimate parent						
Finmeccanica S.p.A.	-	-	1,517	210	40	-
Subsidiaries						
Alifana S.c.r.l.	-	-	(1)	-	-	-
Alifana Due S.c.r.l.	175	-	111	-	-	-
Associates						
Metro 5 S.C.P.A.	6,006	-	7	-	-	-
Metro 5 Lilla S.r.l.	5,979	-	115	-	-	-
Metro Brescia S.r.l.	130	-	(250)	-	-	-
International Metro Service S.r.l.	-	4	-	-	-	-
Pegaso S.c.r.l.	-	-	339	-	-	-
Metro Service A.S.	-	-	21,296	-	-	-
Joint ventures (*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	3,633	-	(2)	-	-	-
Consortia						
Saturno consortium	3,713	-	762	-	-	-
Ascosa quattro consortium	103	-	89	-	-	-
SanGiorgio Volla 2 consortium	406	-	37	-	-	-
Ferroviario Vesuviano consortium	-	-	48	-	-	-
Sesm consortium	-	-	-	-	-	-
MM4 consortium	-	-	166	-	-	-
Cris consortium	-	-	1	-	-	-
Cesit consortium	-	-	-	-	-	23
SanGiorgio Volla consortium	24	-	1	-	-	-
Other group companies						
Ansaldo Energia S.p.A.	-	-	-	-	-	-
AnsaldoBreda S.p.A.	5,269	-	2,772	-	-	-
AnsaldoBreda España SLU	31	-	-	-	-	-
Selex Sistemi Integrati LTD	22	-	-	-	-	-
Fata Logistic System S.p.A.	-	-	928	-	-	-
Fata S.p.A.	-	-	108	-	-	-
Finmeccanica UK	-	-	64	-	-	-
Finmeccanica Group Service S.p.A.	-	-	259	-	-	25
Finmeccanica North America Inc.	-	-	-	-	-	-
Selex ES S.p.A.	165	-	6,105	-	-	-
Electron Italia S.r.l.	8	-	-	-	-	-
E-Geos S.p.A.	-	-	(3)	-	-	-
Other - MEF						
Ferrovie dello Stato group	58,505	-	745	-	-	-
Enel group	-	-	1,556	-	-	-
Eni group	9,329	-	10	-	-	-
Total	**93,498**	**4**	**36,780**	**210**	**40**	**48**
% of the total at the reporting date	**16%**	**0.1%**	**10%**	**1.7%**	**0.3%**	**0.6%**

(*) Portion not eliminated on proportionate consolidation.

First half of 2012 (€'000)	Revenue	Other operating income	Costs	Financial income	Financial expense	Other operating expense
Ultimate parent						
Finmeccanica S.p.A.	-	-	2,480	76	77	-
Subsidiaries						
Alifana S.c.r.l.	-	-	(1)	-	-	-
Alifana Due S.c.r.l.	65	-	528	-	-	-
Associates						
Metro 5 S.C.P.A.	5,087	-	294	-	-	-
Metro 5 Lilla S.r.l.	5,239	-	231	-	-	-
International Metro Service S.r.l.	1,626	4	(92)	-	-	-
Pegaso S.c.r.l.	-	-	407	-	-	-
Metro Service A.S.	-	-	14,004	-	-	-
Joint ventures (*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	4,010	-	1	-	(49)	-
Kazakhstan TZ-Ansaldo STS Italy LLP	-	-	-	-	-	-
Consortia						
Saturno consortium	3,852	-	868	-	-	-
Ascosa quattro consortium	24	-	23	-	-	-
Team in liq. consortium	-	-	-	-	-	-
SanGiorgio Volla 2 consortium	432	-	-	-	-	-
Ferroviario Vesuviano consortium	2	-	-	-	-	-
Sesm consortium	-	-	15	-	-	-
Cris consortium	-	-	49	-	-	-
Cesit consortium	-	-	-	-	-	27
SanGiorgio Volla consortium	17	-	10	-	-	-
Other group companies						
Ansaldo Energia S.p.A.	-	-	1	-	-	-
AnsaldoBreda S.p.A.	5,511	1	1,364	-	-	-
Fata Logistic System S.p.A.	-	-	929	-	-	-
Fata S.p.A.	-	-	108	-	-	-
Finmeccanica UK LTD	-	-	22	-	-	-
Finmeccanica Group Service S.p.A.	-	-	282	-	-	21
Finmeccanica North America Inc.	-	-	64	-	-	-
Selex Elsag S.p.A.	613	-	3,864	-	-	-
Electron Italia S.r.l.	97	-	-	-	-	-
I.M. Intermetro S.p.A. (in Liq.)	163	-	-	-	-	-
Other - MEF						
Ferrovie dello Stato group	63,625	-	106	-	-	-
Enel group	-	-	11	-	-	-
Eni group	1,194	-	5	-	-	-
Total	**91,557**	**5**	**25,573**	**76**	**28**	**48**
% of the total at the reporting date	**16%**	**0.1%**	**7%**	**0.1%**	**0.2%**	**1%**

(*) Portion not eliminated on proportionate consolidation.

11.2 Revenue

(€'000)	For the first six months of 2013	2012
Sales	269,259	207,734
Services	48,370	49,017
	317,629	**256,751**
Change in work in progress	172,271	220,178
Third party revenue	**489,900**	**476,929**
Related party revenue	**93,498**	**91,557**
Total revenue	**583,398**	**568,486**

Third party revenue amounted to €489,900 thousand in the first half of 2013, up by €12,971 thousand on the €476,929 thousand on the same period of 2012, while related party revenue rose €1,941 thousand.
Revenue by business unit is discussed in the directors' report.

11.3 Other operating income

(€'000)	For the first six months of 2013	2012
R&D grants	1,565	1,052
Gains on sales of property, plant and equipment and intangible assets	8	364
Reversals of impairment losses on loans and receivables	-	134
Reversals of provisions for risks and charges	211	2,091
Insurance compensation	1	-
Royalties	329	273
Financial income and exchange rate gains on operating items	8,638	10,018
Tax asset for R&D	1,395	1,931
Other operating income	477	4,422
Other third party operating income	**12,624**	**20,285**
Other related party operating income	**4**	**5**
Total other operating income	**12,628**	**20,290**

Other third party operating income amounts to €12,624 thousand, down €7,611 thousand on the €20,285 thousand for the period ended 30 June 2012. The decrease is mainly due to the fall in income and exchange rate gains on operating items, the smaller reversal of the provision for risks and charges and other operating income. Moreover, in the first half of 2012, "other operating income" included the gain recognised by the US subsidiary Ansaldo STS USA INC. on sales of intangible assets, mainly software, to a local company.

11.4 Purchases and services

(€'000)	For the first six months of 2013	2012
Materials	118,711	105,550
Change in inventories	(4,283)	1,077
Services	202,602	215,932
Rentals and operating leases	13,600	12,240
Total third party purchases and services	**330,630**	**334,799**
Total related party purchases and services	**36,780**	**25,573**
Total purchases and services	**367,410**	**360,372**

Total purchases and services for the six months ended 30 June 2013 increased €7,038 thousand over the corresponding period of the previous year, mainly due to the higher amount of production.

11.5 Personnel expense

	For the first six months of	
(€'000)	**2013**	2012
Wages and salaries	130,980	128,901
Stock grant plans	2,165	1,201
Social security and pension contributions	26,073	26,243
Italian post-employment benefits	120	117
Other defined benefit plans	259	257
Other defined contribution plans	1,836	1,821
Recovery of personnel expense	(681)	(790)
Disputes with personnel	-	-
Restructuring costs	401	2,935
Other costs	1,492	1,148
Total	**162,645**	**161,833**

The headcount at 30 June 2013 numbered 4,109, up by a net 81 employees on the 4,028 employees at 30 June 2012 and 118 employees on the employees at 31 December 2012.

They are grouped by business unit as follows:

Signalling: 3,045 employees
Transportation Solutions: 671 employees
Other activities: 393 employees

The average headcount on the payroll in the first half of 2013 numbered 4,042, compared to 4,040 employees in the first half of 2012.

Personnel expense came to €162,645 thousand, up €812 thousand on the €161,833 thousand for the same period of the previous year.

The stock grant plan cost is recognised on an accruals basis in the year in which the services are rendered. The amount therefore relates to the portion pertaining to the first half of the year of the shares related to the 2013 vesting conditions, which will be allocated in subsequent years after checking they have been met.
The expense is determined on the basis of the estimated number of shares to be allocated and their fair value at the date the related plans were approved by the appointments and remuneration committee.

The Italian post-employment benefit and other defined benefit plan expense represent only the service cost. The interest costs were recognised under financial expense.

11.6 Amortisation, depreciation and impairment losses

	For the first six months of	
(€'000)	**2013**	2012
Amortisation and depreciation:		
- intangible assets	2,597	2,599
- property, plant and equipment	5,007	5,088
	7,604	**7,687**
Impairment losses:		
- current loans and receivables	274	3,498
- other assets	-	41
	274	**3,539**
Total amortisation, depreciation and impairment losses	**7,878**	**11,226**

Amortisation/depreciation and impairment losses amount to €7,878 thousand, down €3,348 thousand on the same period of 2012, mainly following the smaller impairment losses on loans and receivables recognised by the parent, Ansaldo STS S.p.A..

11.7 Other operating expense

(€'000)	For the first six months of 2013	2012
Accruals to the provisions for risks and charges	317	335
Membership fees	564	679
Losses on sales of property, plant and equipment and intangible assets	133	279
Exchange rate losses on operating items	3,910	4,438
Losses to complete contracts	(740)	-
Interest and other operating expense	1,943	938
Indirect taxes	1,300	1,107
Other operating expense	1,002	1,466
Total other third party operating expense	**8,429**	**9,242**
Other related party operating expense	**48**	**48**
Total other operating expense	**8,477**	**9,290**

Other operating expense of €8,477 thousand fell €813 thousand mainly as a result of the use of the provision for losses to complete contracts arising from actual project costs, incurred, in particular, by the Indian subsidiary and smaller exchange rate losses on operating items.

11.8 Internal work capitalised

(€'000)	For the first six months of 2013	2012
Internal work capitalised	(1,062)	(142)

Internal work capitalised mainly relates to the parent, Ansaldo STS S.p.A., with respect to the Satellite and Rail Telecom project to develop satellite technologies for new railway signalling systems. This project is co-financed by the European Space Agency and the Galileo Supervisory Authority.

11.9 Net financial expense

	For the first six months of					
	2013			2012		
(€'000)	**Income**	**Expense**	**Net**	Income	Expense	Net
Interest and fees	503	779	(276)	1,374	5,211	(3,837)
Exchange rate gains and losses	10,925	12,154	(1,229)	9,560	9,636	(76)
Premiums paid on forwards	119	596	(477)	-	611	(611)
Fair value gains and losses	465	680	(215)	843	1,062	(219)
Interest on Italian post-employment benefits	-	245	(245)	-	385	(385)
Interest on other defined benefit plans	-	180	(180)	-	225	(225)
Other financial income and expense	248	951	(703)	-	710	(710)
Total net financial expense	**12,260**	**15,585**	**(3,325)**	**11,777**	**17,840**	**(6,063)**
Net related party financial income	**210**	**40**	**170**	**76**	**28**	**48**
Total	**12,470**	**15,625**	**(3,155)**	**11,853**	**17,868**	**(6,015)**

Net financial expense for the first half of 2013 amounts to €3,155 thousand, a €2,860 thousand improvement over the €6,015 thousand for the corresponding period of the previous year. The improvement is mainly due to net interest and fees which improved by €2,916 thousand.
Related party transactions mainly relate to the ultimate parent, Finmeccanica, for interest on giro current accounts and deposits.

11.10 Share of profits (losses) of equity-accounted investees

	For the first six months of					
	2013			2012		
(€'000)	**Income**	**Expense**	**Net**	Income	Expense	Net
Share of profits (losses) of equity-accounted investees	14	-	14	3,592	62	3,530
Total	**14**	**-**	**14**	**3,592**	**62**	**3,530**

The effect of the profit of the equity-accounted investee, International Metro Service S.r.l., amounts to €14 thousand (€3,530 thousand for the first six months of 2012).

11.11 Income taxes

This caption comprises:

	For the first six months of	
(€'000)	**2013**	2012
IRES	2,805	3,712
IRAP	2,224	2,578
Other foreign taxes	11,330	6,431
Net deferred tax expense	816	5,710
Total	**17,175**	**18,431**

Income taxes decreased by an overall €1,256 thousand compared to the corresponding period of the previous year. Specifically, the decrease is due to the parent's smaller taxable base.
The increase in other foreign taxes is offset by that of the net deferred tax expense in profit or loss.

The difference between the theoretical and effective tax rates is analysed below:

	For the first six months of					
	2013			2012		
(€'000)	**amount**		%	amount		%
Pre-tax profit	**49,450**			**48,099**	-	
Taxes calculated at ruling tax rates		13,599	27.50%		13,227	27.50%
Permanent differences	(3,467)	(953)	(1.93%)	(4,700)	(1,292)	(2.69%)
	45,983	**12,645**	**25.57%**	**43,399**	**11,935**	**24.81%**
Different rates on foreign taxes and/or due to losses of the year	-	3,583	7.25%	-	2,637	5.48%
IRAP and other taxes calculated on a basis other than pre-tax profit	-	946	1.91%	-	3,859	8.02%
Previous year taxes	-	-	0.00%	-	-	0.00%
Provisions for tax risks	-	-	0.00%	-	-	0.00%
Total effective taxes recognised in profit or loss		**17,175**	**34.73%**		**18,431**	**38.32%**

At 30 June 2013, the effective tax rate is 34.73%, compared to 38.32% in the same period of the previous year. The decrease is due to the smaller impact of the loss of the Indian subsidiary on the taxable base.

Deferred taxes and the related assets and liabilities at 30 June 2013 can be analysed as follows:

(€'000)	Income statement		Statement of financial position	
	Deferred tax income	**Deferred tax expense**	**Deferred tax assets**	**Deferred tax liabilitie**
Italian post-employment benefits and pension funds	106	-	4,591	1,664
Remuneration	567	-	2,808	-
Property, plant and equipment and intangible assets	(275)	(159)	1,694	84
Provisions for risks and charges	794	-	10,773	-
Research grants	-	76	-	-
Allowances for WIP and inventory write-down	(177)	-	8,779	-
Cash flow hedges - defined benefit plans	-	-	651	946
Tax losses	(417)	-	2,991	-
Stock grant plant	-	-	84	-
Other	546	2,043	6,641	5,833
Total	**1,144**	**1,960**	**39,012**	**8,527**

The deferred tax assets generated by undeductible accruals to "Provisions for risks and charges" mainly relate to the parent Ansaldo STS S.p.A. (€4,703 thousand) and the US subsidiaries (€4,978 thousand).
The deferred tax assets related to the allowance for inventory write-down mainly relate to the parent Ansaldo STS S.p.A. (€7,727 thousand).
The deferred tax assets related to Italian post-employment benefits and pension funds mainly relate to Ansaldo STS France S.A.S. (€3,939 thousand).
"Other" mainly relates to the parent, Ansaldo STS S.p.A. (€3,835 thousand), the subsidiary Ansaldo STS France S.A.S. (€1,459 thousand) and Ansaldo STS USA Inc. subsidiaries (€1,049 thousand).
Finally, the tax losses relate to the French subsidiary.
Deferred tax assets and liabilities include those recognised with a balancing entry directly in equity, on derivatives recognised as cash-flow hedges and actuarial gains/losses following the adoption of the equity method for defined benefit plans. This equity item changed as follows during the period:

	31.12.2012	**Transfers to profit or loss**	**Fair value gains or losses**	**Other changes**	**30.06.2013**
Deferred taxes recognised in equity	1,309	-	(37)	-	1,272

12 Earnings per share

Earnings per share (“EPS”) are calculated by:
- dividing the profit for the period attributable to holders of ordinary shares by the average number of ordinary shares outstanding in the period, net of treasury shares (basic EPS);
- dividing the profit for the period by the average number of ordinary shares and those that could arise from the exercise of all options under stock option plans, net of treasury shares (diluted EPS).

Basic EPS	**First half of 2013**	First half of 2012
Average shares outstanding during the period	159,998,914	159,998,591
Profit for the period (€’000)	32,367	29,668
Basic and diluted EPS	**0.20**	**0.19***

* Recalculated following the bonus issue of 9 July 2012

For comparative purposes, the EPS was recalculated for 2012. Specifically, the average number of ordinary shares outstanding in the year was recounted.
This was necessary following the third instalment of the bonus issue on 9 July 2012, when 20,000,000 newly-issued shares with a nominal amount of €0.50 each were freely allocated to the existing shareholders at that date, in the ratio of one new share to every seven shares held.

13 Cash flows from operating activities

The following table shows the cash flows from operating activities:

	First half of 2013	First half of 2012
Profit for the period	32,367	29,668
Share of losses of equity-accounted investees	(14)	(3,530)
Income taxes	17,175	18,431
Italian post-employment and other employee benefits	379	374
Stock grant plans	1,812	1,096
Gains/(losses) on the sale of assets	125	(85)
Net financial income	3,155	6,015
Net (gains)/losses on assets held for sale	(92)	-
Amortisation, depreciation and impairment losses	7,878	11,226
Accruals to/reversals of provisions for risks	106	(1,890)
Write-downs/reversals of write-downs of inventories and work in progress	(274)	(3,637)
Total	**62,617**	**57,668**

The change in working capital, shown net of the impacts of acquisitions and sales of consolidated companies and exchange rate gains and losses, comprises:

(€'000)	**First half of 2013**	First half of 2012
Inventories	(4,778)	(15,197)
Work in progress and progress payments and advances from customers	(150,024)	(121,642)
Trade receivables and payables	88,357	53,700
Total	**(66,445)**	**(83,139)**

The change in other operating assets and liabilities, shown net of the impacts of acquisitions and sales of consolidated companies and exchange rate gains and losses, comprises:

(€'000)	**First half of 2013**	First half of 2012
Payment of Italian and other post-employment benefits	(716)	(2,225)
Taxes paid	(14,999)	(6,128)
Changes in other operating items	(129)	(17,376)
Total	**(15,844)**	**(25,729)**

Reference should be made to paragraph 2.3 on the group's financial position for a discussion of changes in the consolidated statement of cash flows.

14 Financial risk management

The group's operations expose it to the following financial risks:
- market risks, related to operations in areas that use currencies other than the company's functional currency (currency risk) and the risk of interest rate fluctuations;
- liquidity risks, related to the availability of financial resources and access to the credit market;
- credit risk, arising from normal trading transactions or financing activities.

The group specifically monitors each of these financial risks and acts promptly to contain them including via hedging derivatives. Ansaldo STS group's approach to managing these risks, in line with internal policies, is described below.

Currency risk management

As described in the "treasury management" policy, Ansaldo STS group manages currency risk by pursuing the following objectives:
- limiting potential losses generated by unfavourable exchange rate fluctuations against the currencies used by Ansaldo STS S.p.A. and its subsidiaries. Losses are defined in cash flows rather than accounting terms;
- limiting forecast or actual costs related to the implementation of currency risk management policies.

Currency risk shall only be hedged if it has a material impact on cash flows, compared to the functional currency.
Costs and risks related to a hedging policy (hedge, no hedge or partial hedge) shall be acceptable in both financial and commercial terms.
Currency risk may be hedged using the following tools:
- purchase and sale of currency forwards: these are the most commonly used cash flows hedges;
- funding/lending in foreign currency: used to mitigate the currency risk related to similar receivable and payable positions with banks or group companies.

The use of funding and lending in foreign currency as a hedging instrument shall only take place when consistent with Ansaldo STS group's overall treasury management and financial position (both long- and short-term).
The purchase and sale of foreign currency is generally the hedging tool used when foreign markets are not sufficiently liquid or when it is the most cost effective hedging method.

Currency risk hedging

There are three main types of currency risk:
1. The economic risk is the impact exchange rate fluctuations can have on capital budgeting decisions (investments, the location of production facilities and supply markets).
2. Transaction risk is the possibility that exchange rates may fluctuate between the time a commitment is undertaken to make future collections or payments in foreign currency (price list, budgets, orders preparation and invoicing) and when the actual collection or payment takes place, generating either exchange rate gains or losses.
3. The translation risk is the effect on the financial statements of multinational companies of translating dividends, or of consolidating assets and liabilities when exchange rates adopted for consolidation purposes differ from one reporting period and the next.

The Ansaldo STS group hedges the transaction risk in line with the Foreign Exchange Risk management policy, i.e., via the systematic hedge of cash flows generated by firm contractual commitments to buy and sell, in order to fix the exchange rates at the date the construction contracts are agreed, thereby neutralising the effects of exchange rate fluctuations.

Cash flow hedges

Hedges are entered into at the time sales contracts are agreed, using plain vanilla instruments (currency swaps and forwards) that qualify for hedge accounting under IAS 39. They are recognised as cash flow hedges, whereby the effective portion of fair value gains or losses on hedging derivatives is recognised in the relevant hedging reserve once the hedging strategy is demonstrated to be effective.
If the hedge is not deemed effective (i.e., does not fall within the 80% and 125% range), fair value gains or losses on hedging instruments are immediately expensed as financial items and the related fair value gains or losses accumulated in the hedging reserve up to the date of the most recent successful test of effectiveness are reclassified to profit or loss.

Fair value hedges

These hedge fair value changes in a recognised asset or liability, an unrecognised firm commitment, an identified portion of this asset, liability or irrevocable commitment, related to a particular risk and that could impact profit or loss.
The group hedges fair value gains or losses related to the currency risk on recognised assets and liabilities.

Hedges are mainly undertaken with banks. The group has contracts in place for the following notional foreign currency amounts at 30 June 2013:

(€'000)	Sell 06 13	Buy 06 13	30.06.2013	Sell 12 12	Buy 12 12	31.12.2012
Euro	97,715	83,811	181,526	96,108	56,953	153,061
US dollar	73,871	15,514	89,385	74,188	23,180	97,368
Pound sterling	8,538	-	8,538	8,847	1,042	9,889
Swedish krona	146	25,072	25,218	3,065	29,228	32,293
Australian dollar	17,010	2,193	19,203	-	42,261	42,261
Hong Kong dollar	263	-	263	309	-	309
Abu Dhabi dirham	32,611	14,633	47,244	19,603	-	19,603
South African rand	1,546	-	1,546	-	-	-

The net fair value of the derivatives in place (both fair value and cash flow hedges) at 30 June 2013 was a positive €898 thousand.

Interest rate risk management

Under the policy, the aim of interest rate risk management is to reduce the negative effects of interest rate fluctuations on the group's financial position, results of operations and weighted average cost of capital.
Ansaldo STS group manages interest rate risk to pursue the following objectives:
- stabilising the weighted average cost of capital;
- minimising Ansaldo STS group's medium- and long-term weighted average cost of capital by focusing on the effects of interest rates on debt funding and equity funding;
- optimising the return on financial investments within a general risk/return trade-off;
- limiting costs related to the implementation of interest rate management policies, including direct costs related to the use of specific instruments and indirect costs linked to the internal structure needed to manage the risk.

Excess liquidity is invested in the short term for future acquisitions. Consequently, financial indebtedness is mainly of a short-term nature. Thanks to joint short-term management of assets and liabilities, the group's exposure to interest rate fluctuations in the long term is relatively neutral.
Also in the first half of 2013, the group managed this risk without the use of derivatives.

Liquidity risk management

Ansaldo STS group has rolled out a series of tools to optimise treasury management with a view to the efficient management of cash and cash equivalents and to help its business grow. This was achieved by centralising the treasury function and an active presence on financial markets which has enabled the group to obtain short- and long-term non-revolving cash and unsecured credit lines to meet its needs.
It had a net financial position of €241.719 thousand at 30 June 2013 and a net financial position of €301,982 thousand at 31 December 2012.

Credit risk management

The group does not have significant credit risks, either in terms of its trading counterparties or its financing and investing activities.
Its main customers are public entities or related to public bodies, mostly in the European, US and South-East Asia areas. Ansaldo STS group's typical customer rating is therefore medium-to-high. However, for contracts with customers/counterparties with which the group does not have regular trading transactions, solvency is analysed at the time the offer is placed, in order to avoid future credit risks.
Given the nature of the group's customers, collection times are longer (and, in certain countries, significantly longer) than those typical of other businesses, leading to overdue amounts, which are sometimes considerable.

15 Outlook

2013 production volumes and profitability are expected to be in line with those of 2012.

Genoa, 26 July 2013

On behalf of the board of directors
The Chairman

Luigi Calabria

16 Disclosure on the opt-out regime

Pursuant to article 70.8 of the Issuer regulation, we note that, in their meeting of 28 January 2013 and as permitted by articles 70.8 and 71.1-*bis* of the Issuer regulation, the company's board of directors resolved to opt-out of the requirement to prepare the relevant documents at the time of significant transactions such as mergers, demergers, share capital increases via contributions in kind, acquisitions and sales.

17 Statement on the condensed interim consolidated financial statements pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1. The undersigned, Sergio De Luca, as CEO, and Christian Andi, as Manager in charge of financial reporting for Ansaldo STS S.p.A., also considering the provisions of article 154-*bis*.3/4 of Legislative decree no. 58 of 24 February 1998, state that the administrative and accounting procedures used to draft the condensed interim consolidated financial statements at 30 June 2013:
   - are adequate in relation to the nature of the business;
   - have been effectively applied.
2. There is nothing to report in this regard.
3. Moreover:
   3.1 the condensed interim consolidated financial statements:
      a) are drafted in compliance with the IFRS endorsed by the European Community, pursuant to EC regulation no. 1606/2002 issued by the European Parliament and Council on 19 July 2002;
      b) are consistent with the accounting ledgers and accounting entries;
      c) provide a true and fair view of the financial position and results of operations of the issuer and the companies included in the consolidation scope.
   3.2 The directors' report accompanying the condensed interim consolidated financial statements provides a reliable analysis of the important events taking place in the first six months of the year and their impact on the condensed interim consolidated financial statements, together with a description of the key risks and uncertainties for the remaining six months of the year.
   The directors' report also includes a reliable analysis of significant transactions with related parties.

Genoa, 26 July 2013

The CEO	The manager in charge of financial reporting
Sergio De Luca	**Christian Andi**

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(Translation from the Italian original which remains the definitive version)

Auditors' report on review of condensed interim consolidated financial statements

To the shareholders of
Ansaldo STS S.p.A.

1 We have reviewed the condensed interim consolidated financial statements of the Ansaldo STS Group as at and for the six months ended 30 June 2013, comprising the income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes thereto. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to prepare this report based on our review.

2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information about the captions of the condensed interim consolidated financial statements and the consistency of application of the accounting policies through discussions with company directors and analytical procedures applied to the financial data presented in such condensed interim consolidated financial statements. The review excluded such audit procedures as tests of controls and substantive procedures on assets and liabilities and is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, contrary to our report on the annual consolidated financial statements, we do not express an audit opinion on the condensed interim consolidated financial statements.

With regard to the corresponding figures included in the condensed interim consolidated financial statements, reference should be made to our reports on the annual consolidated and condensed interim consolidated financial statements of the previous year dated 25 March 2013 and 31 July 2012, respectively.

3 Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Ansaldo STS Group as at and for the six months ended 30 June 2013 have not been prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Naples, 1 August 2013

KPMG S.p.A.

(signed on the original)

Marco Giordano
Director of Audit

Strategic Concept, Copywriting, Graphic Design and Execution by:

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